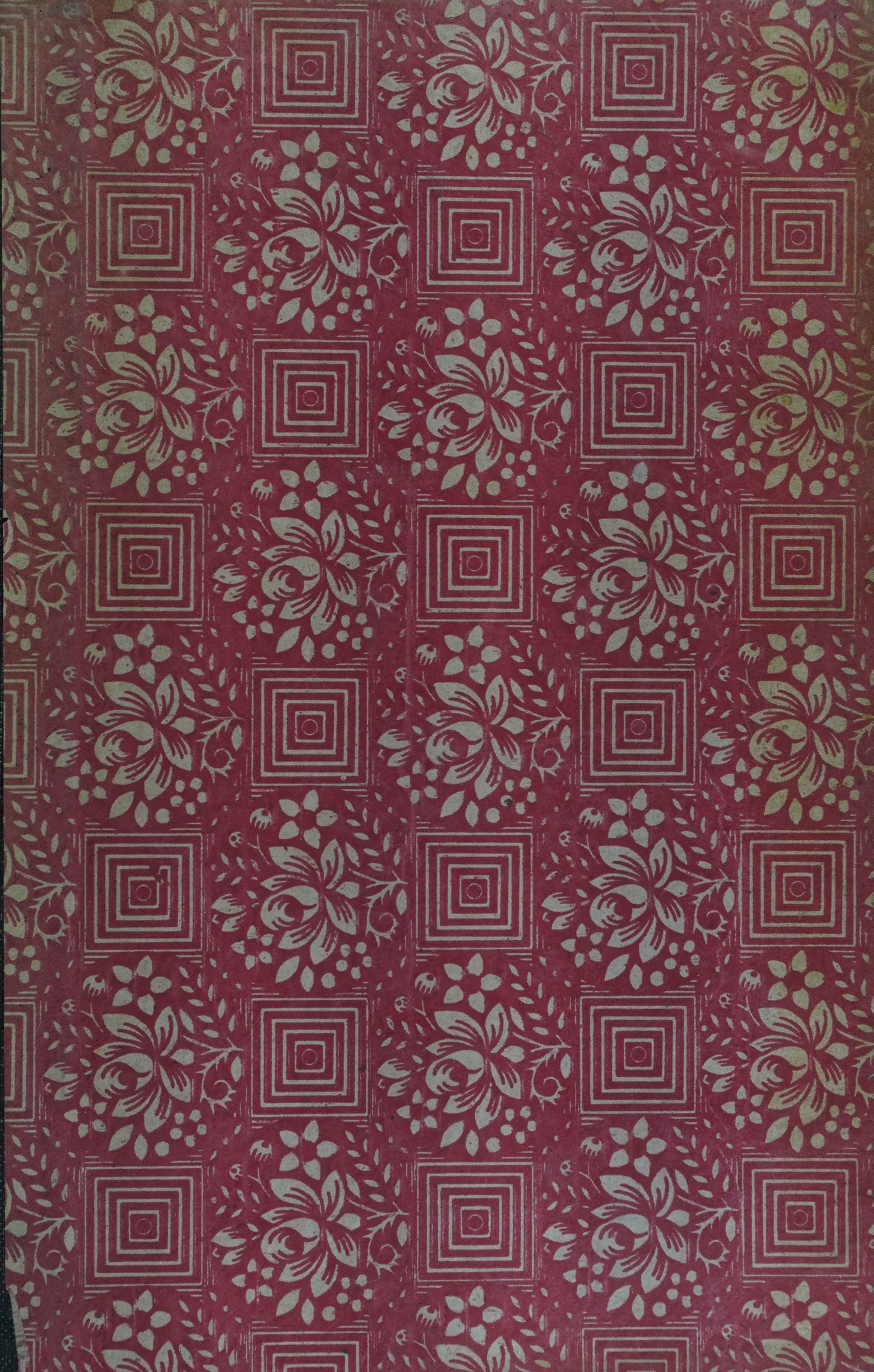

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Business India

he magazine of the corporate world June 11 to 24, 1990 Rs.

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Ajit Singh's new industrial policy reflects the various pulls and pressures that went to formulate it, trying for greater liberalisation but ending up being a virtual mish-mash

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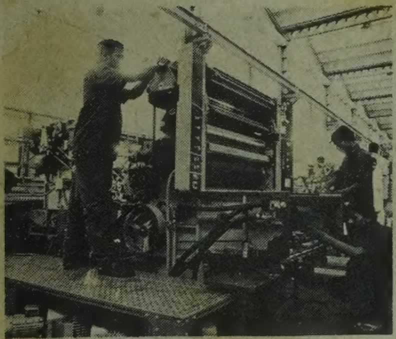

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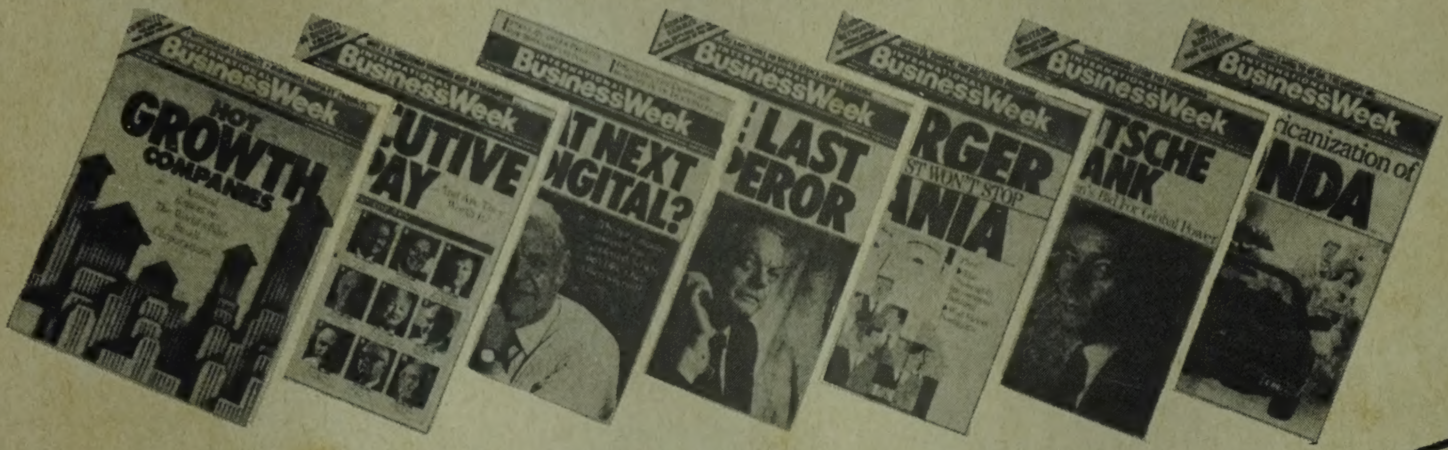

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LETTER FROM THE PUBLISHER

20 JUN 1990

A new industrial policy is a big step in the right direction. But we do feel that the changes could have gone much much further.

The major argument against radical change is that we cannot absorb too rapid a change. But it is interesting to note who puts forward this argument and who benefits. It is only those with existing entrenched industries and politicians and bureaucrats who make this argument. The consumers or, to use a clichéd expression the common man, is stuck with getting such terrible value for money that he is only too eager for rapid change.

There is also no doubt in the public mind that the only people who benefit from our tangled rules and regulations are politicians, bureaucrats and not more than 1,000 industrial families. *Business India* has pointed this out again and again, but it is necessary to do so. After all, bureaucratic and political controls in East Europe, which seemed immutable only months ago, have all come crumbling down.

The emphasis on the small-scale sector is not surprising. This sector generates significant employment and exports. But there are some reservations on the manner in which the small-scale sector is nurtured. Moreover, experience worldwide has shown that the health of small business depends for a large part on the health of the main stream of business.

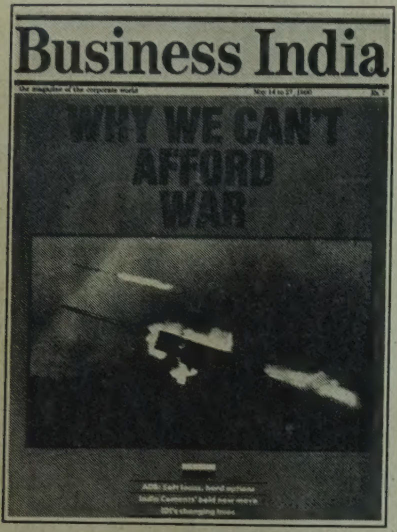
But it is the middle size business house that will benefit the most. And this, is the real key to the success of the new industrial policy. For it is mid-size businesses, worldwide, that have always been the most dynamic sector of the economy. To the extent that this policy gives freer reign to these businessmen, there is bound to be an acceleration of both employment and dispersed industrial growth.

One final point must be made. Everyone recognises that government expenditure must be cut. We have a bureaucracy that became bloated as controls grew. As controls get lifted will the government dare to cut down the size of the bureaucracy?

These editorials will reflect a sharply focussed point of view. Obviously we do not expect all our readers to agree always with our views. But we hope that we will provoke our readers' own thoughts on the issues. We look forward to receiving your comments and suggestions on the changes we make.

Ashok H. Advani

LETTERS TO THE EDITOR



• Defending defence

It is an exercise in futility to portray the costs of war as a deterrent (Cover Feature, 14 May). By your own admission, the Indian intervention in Sri Lanka cost the exchequer about a crore per day. Were not these costs taken into consideration by our defence strategists? A decision whether or not to go to war is based on many other criteria and not merely on the monetary yardstick.

The arguments put forward by Kingshuk Nag and Rajiv Shirali are specious. They quote the high costs of missiles, tanks and torpedoes which are to be replenished if we use them in a war. But are these weapons acquired merely for show? Or for using in times of emergency? When the nation's honour, prestige and sovereignty are at stake, every other cost appears dwarfish in comparison.

ZUZAR M. MANDARWALA
Calicut

• Your cover feature was vivid in its description of the costs we would have to bear if we went to war. But one fact has been overlooked. The security and stability of a nation is far more important. Bearing in mind our strained relations with Pakistan, a war might put an end to the tension in both Kashmir and Punjab. Hence a few thousand crore spent in keeping the country at peace does not seem to be extravagant. Again when one reads of people who have accepted kickbacks amounting to hundreds of crore of rupees in certain deals, expenditure on our security is certainly no waste.

ANNAM S.M.
Secunderabad

• Management styles

R.D. Aga's article, 'Profile of a manager' (Guest Column, 14 May) was a bold and frank view about present day MBAs. Committed managers, as he said, are like 'square pegs for the square holes', because they mould themselves according to the needs of the company. Professionals, on the other hand, try to change the company's functioning according to their style of operation. When this is not possible they leave the company.

I would be happy if R.D. Aga could touch upon the issue of exploitation of committed managers, just because they are sincere.

T.S. RAJAGOPALAN
Madras

• The author omits the fact that most of the existing committed managers are yesterday's professional managers. Committed managers are not born, they are made. If the organisation's measuring scale and the efforts of a manager coincide, the group of professional managers mentioned, will not be there.

Induction programmes, management development programmes, etc, alone are not sufficient to shape a committed manager. The recognition of efficiency, merit rating, morale, and enterprise also count.

S. SUBRAMANIAN
Coimbatore

• For the record

We thank you for the coverage given to our company, 'Blazing new trails' (Exports, 16 April) reflecting our performance and concern for the future.

In the same issue, however, under 'Listening Post', some facts have been incorrectly stated. The name of the American company is Microcom and the proposed venture will manufacture hardware products like protocol modems, LAN bridges and high density network management systems.

SUNIL G. JOHN
Assistant manager (PR) Thermax Ltd
Pune

• Paying tribute

In the death of Ravi Mammen, my beloved younger brother and managing director of MRF, we have lost a multifaceted personality.

We thank you for highlighting his manifold contribution to various fields of corporate endeavour that has made MRF what it is today.

You may rest assured that his death strengthens our resolve and his vision will continue to set the pace for MRF in the future.

K.M. MAMMEN
Madras

• Clarification

This refers to your article on Indian Dyestuff (Corporate Report, 14 May). The resident representative of Enimont in Bombay is G. Grillo and not D.T. Bellini, who is resident representative of Montedison in Bombay.

G. GRILLO
Bombay

• Utility of bagasse

In 'Into the trough' (Industry report, 16 April), most of the parameters are things of the past. Present day technologies for management of sugarcane bagasse have not been taken into consideration.

The new specifications finalised by the technical committee of the government will help reduce the steam consumption of sugar mills, saving surplus bagasse after meeting the requirement of fuel for generating steam and power. Thus the reference of coal as a substitute fuel to replace bagasse is not valid.

The statement that the sma paper mills cannot afford reco ery systems, is also not correct

Availability of bagasse can improved by setting up bagas depithers to cut transportatio costs and enable storage for longer period without deteri ration. This will also help th sugar mills to recycle the pith fuel for the boilers.

S.B. SIKKA
Bangalore

• Gauging success

I liked your 'Letter from th Publisher' (30 April) in spite o its backslapping we-told-you-s tenor, applauding the success o the Maruti venture.

But you do not seem to hav used the same criterion, o gauging performance in term of success, when you upbraide the Ambanis for having take over L&T by means which according to you were unfair, bu which are commonplace in the business world abroad.

SABAPATHY KRISHNAN
Bombay

• Grabbing accounts

State Bank of India chairman M.N. Goiporia's decision to share Tisco's account with a foreign bank reflects a sad state of affairs in the banking industry (Listening Post, 30 April). This would mean that the benefits of accounts carefully nurtured by Indian banks are accruing, later, to foreign banks. Instances of foreign banks nursing an account, however, are exceedingly rare. Yet companies are often beguiled by their sales talk. Foreign banks are for ever on the lookout for plums but are unwilling to share in their growing pains.

M.V. RAGHAVAN
New Delhi

• Oxbridge alumni

A group of Oxbridge alumni has decided to form the Oxbridge Society of West India to enhance socio-cultural contacts among themselves. Oxbridge alumni are invited to register by post or

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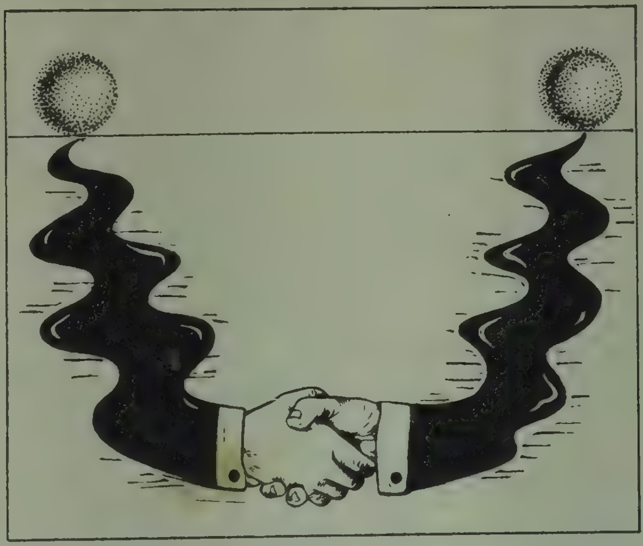

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DEEP SAGAR
Bombay

• Ethics and economics

Your write-up on Adam Smith and Amartya Sen by Sudhir Mulji (Economy, 30 April) was insightful and evocative. The need to explore the ethical dimension in the study of economics is very necessary. In fact, long overdue. The rapacious instinct of man has caused a tremendous amount of suffering and oppression all over the world. Particularly in underdeveloped countries.

Sen's contribution in this field is remarkable and Mulji's comparison of Sen with Adam Smith, the father of the 'dismal science' economics, is timely.

People all over the world are talking of sustainable development taking into consideration ecology, disarmament, peace and healthy growth: one should be grateful for such articles which are like 'little mercies' for the concerned world citizens.

JOHN ALEXANDER
Nagpur

• MACT alumni

The Maulana Azad College of Technology (MACT) Old Boys Association at Bangalore is launching a directory listing all alumni. The old students of MACT, Bhopal are requested to contact us with relevant details at the following address : 39/84, 1st E Cross, Remco Layout, Vijayanagar, Bangalore 560 040.

L.C. MESHRAM
Bangalore

• Not for sale!

It has been a great disappointment to find that *Business India* can proclaim in a headline (Listening Post, 30 April) that "Goodlass Nerolac (is) For Sale". Your correspondent further arrogates to himself the right to invite on behalf of Tatas any would-be purchasers of our company!

Regrettably, your correspondent has not even done a modicum of home-work. Had he done so, he would have found that barely three weeks ago, at an EGM of the company convened on 9 April, the shareholders of Goodlass Nerolac were informed by me, as the chairman of the company, that "Tatas and Kansai have now agreed to make Goodlass Nerolac (GNP) an effective instrument of meeting the manifold demands to be made on the paint industry by our growing economy."

Even more significantly, far from expressing any unhappiness at the entry of Kansai Paints into the picture, we in fact expressed our gratitude to them — the fifth largest manufacturer of paints in the world — for taking, at our own suggestion, the major shareholder in our company by acquiring the full foreign shareholding. These sentiments were not only conveyed to our shareholders at this meeting, but were sent to every single shareholding of GNP in a printed statement.

It is surprising that a business journal (and particularly one of repute) can, make statements of this type about the sale or purchase of companies without realising that they can have a very devastating impact on the morale of the company's employees, its distributors and customers, its shareholders and its foreign collaborators.

F.A. MEHTA
Chairman, Goodlass Nerolac Paints Ltd
Bombay

• Higher loan limit

In 'A Big Boon to doctors' (Business Notes, 14 May), the maximum limit on Citibank's MEDEQUIP Program (loans to doctors for purchase of electromedical equipment) was incorrect. The limit is much higher, it is Rs.15 lakh.

We finance the purchase of indigenous and imported electro-medical equipment, any supporting accessories, diagnostic tools, and supplies. Larger size loans are considered on a case-by-case basis.

For the year ended March 1990, Citibank has lent over Rs.3 crore to doctors. We have formulated a financial team that includes a co-ordinator in each of the four major metros where we have offices, with the prime responsibility of providing financial services to the medical community.

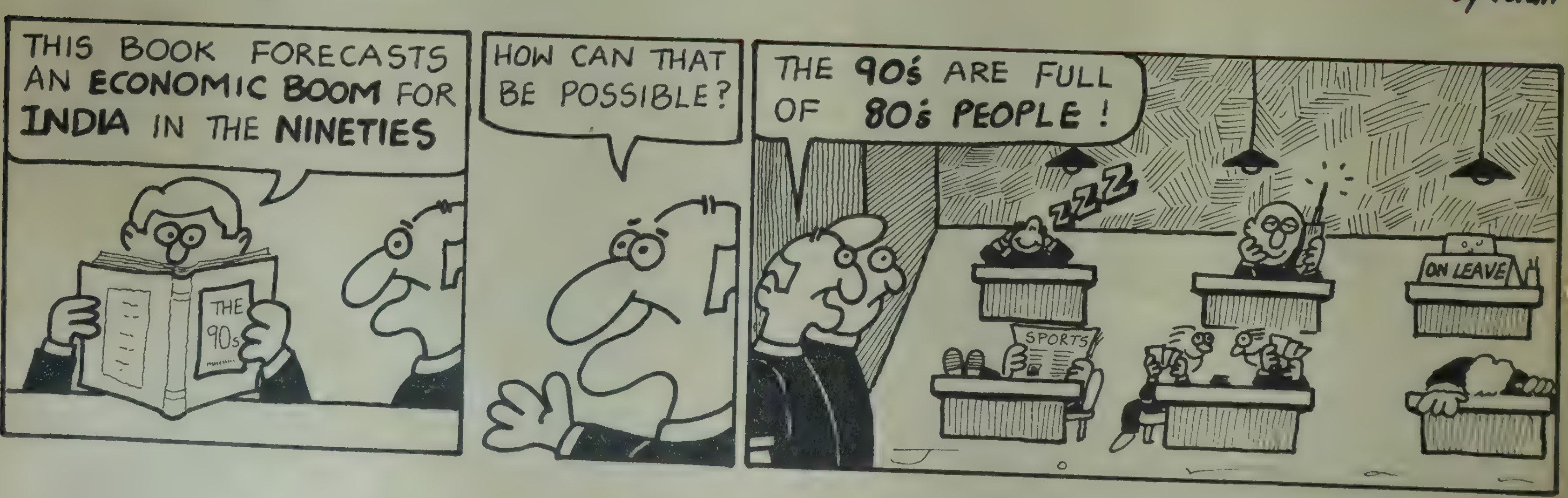
RIMA MEHTA
Product Manager, MEDEQUIP Citibank N.A.
New Delhi

Erratum:

In the Interview column of our issue dated 28 May, we inadvertently carried the photograph of V. Srinivasan of TVS Industries Ltd instead of that of V. Srinivasan, vice-chairman and managing director of WS Industries (India) Ltd and national president of CEI for 1990-91. We regret the error and reproduce the correct photograph below:

LIKE FATHER, UNLIKE SON

by Joran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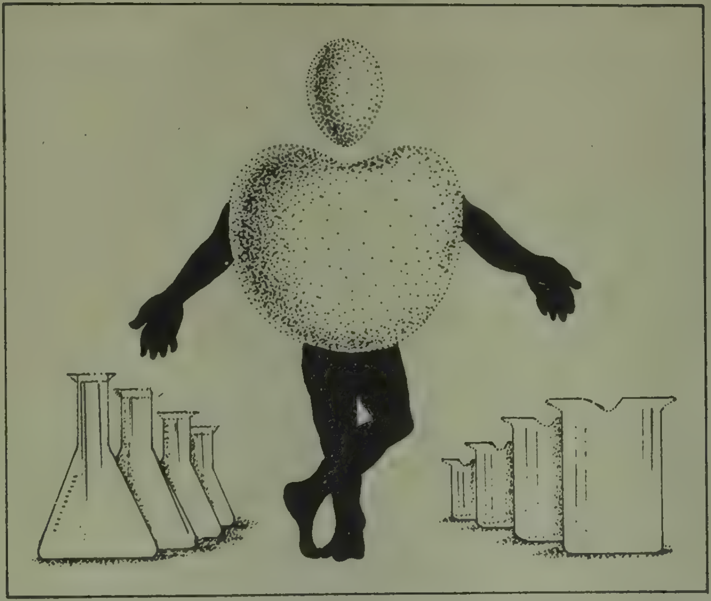

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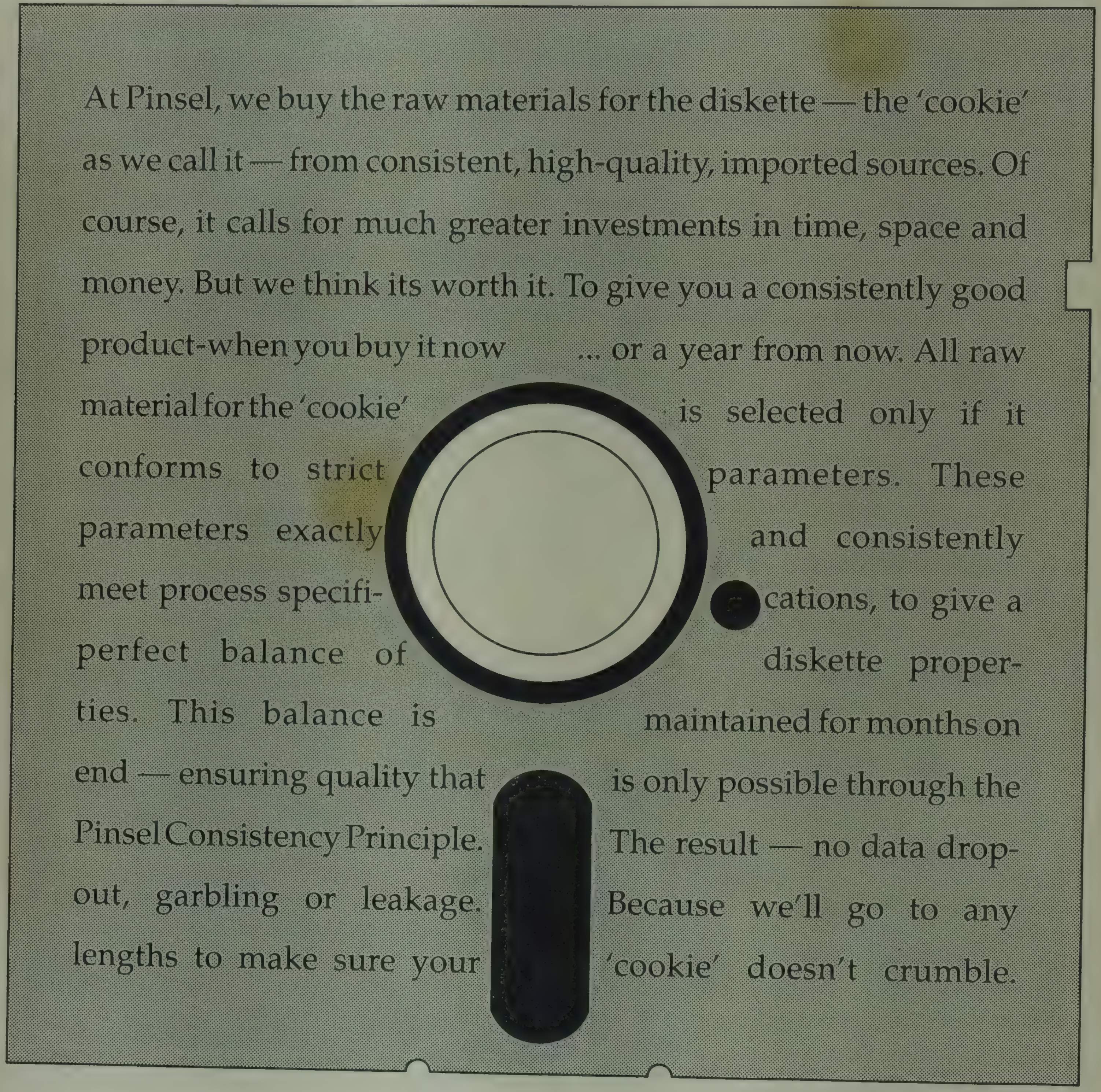

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Tackling the limits to growth

After the skilful changes in finance introduced by Madhu Dandavate, one expected equally deft moves from the industry minister, including a move towards fiscal controls from the existing physical ones. In addition to a spirited debate within the cabinet on speeding up reform, the minister had to contend with pressure from the left to favour the small and agro-based sectors.

Score one for the left in the new policy towards the small sector whose 1.7 million units contribute 40 per cent of the nation's industrial output, 30 per cent of its exports and employ over 40 million persons. The government's policy so far — to provide low cost funds and excise credits — has proved counter-productive, because units have been set up more to take advantage of these incentives than because of a project's intrinsic viability. No wonder the sickness rate is 30 per cent in the small sector.

A more sensible policy would have removed the ceiling on asset size and provided excise credits and interest subsidies based only on turnover. This would serve a dual purpose. One, it would ensure that a small company gets the support it needs until it reaches a viable level of sales. Thereafter, it would have to fend for itself with its increasing sales and market share helping it to spread its fixed costs and obtain higher margins. Two, it would prevent companies from opting for a low asset — low turnover syndrome merely to exploit the concessions.

Such a short-term advantage at the expense of growth has been the main reason for sickness in the small sector as it kept companies small and vulnerable to small shifts in market forces or borrowing rates. At present, a small company tends to view membership in the small sector as a life membership, whereas the appropriate aim should be to grow out of such a sector from a position of strength.

By continuing with an asset-based policy and by raising the asset limit for small scale industries to Rs.60 lakh (a real increase of 35 per cent since the previous ceiling set in 1985), the industry minister has raised the likelihood of larger failures without encouraging growth. Further, by continuing to reserve 836 items for the small sector and proposing to expand the list later, there will continue to be a misdirection of resources, thus denying the realisation of economies of scale. For example, why should safety matches be reserved for the small sector? True, there are no economies of scale in producing them. But there are significant economies of scale in their marketing. Consumers are better off if they know that they have a "safe" safety match to light and will pay more for a brand name that has its image to protect over the long-term.

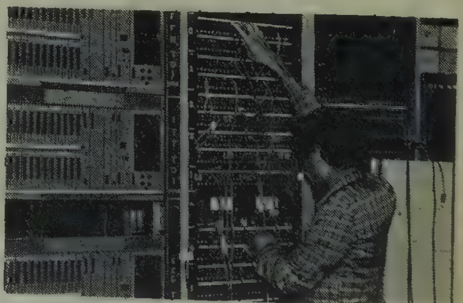
Nevertheless, it is hard not to get enthused about the new industrial policy. Even though FERA and MRTP have been given a continuing nod (for the time being?), the abolition of the DGTD is welcome. It hopefully signals the start of a process for many such organisations that have long outlived their usefulness, and that in the past unnecessarily monopolised several working days of managers.

More positively, the industrial policy has broken significant new ground in two areas. The exemption from licensing of projects costing less than Rs.25 crore is probably the most significant step in promoting industrial growth since the advent of the malignant licence raj in 1951. What about the planners' old fears, overcapacity and an increased risk of industrial sickness? In fact, licensing prevented neither (witness the two-wheeler industry), with competition being far more important to corporate and economic health as the exporting sector has shown.

The other significant liberalisation is in the automaticity of foreign equity investment (up to a 40 per cent stake). Assuming that the yet-unannounced "non-permissible list" is not restrictive, the new policy makes sense for growth. Most foreign managers now know, from the experience in India, that 40 per cent is adequate for complete control (and generally exceeds what they need for control in their home countries). Who will come in? Given the Rs.25 crore exemption limit and the 5 per cent royalty limit, one should expect — in the first place — a move by existing 40 per cent multinationals to add capacity (food products? pharmaceuticals, perhaps?), followed by collaborations with middle-sized Germans, Italians and Japanese.

All in all, a cheer for the new industry minister.

The telecom strike



The communications minister, Janeshwar Mishra, apparently defused the recent telecom strike by 10,000 junior telecom officers (JTOs) by agreeing to consider their demands sympathetically. It is clear why the JTOs took a week to accept such a vacuous offer: their power to cripple the country's telecommunications system would not otherwise have been effectively demonstrated.

What were the ten thousand really after? Their audacious but equally vacuous demand — automatic promotion after 12 years of service — shows up the sorry state of telecom services. In any efficient organisation, it would be inconceivable that a group of 10,000 persons would be given such an unusual privilege and equally inconceivable that a sufficiently large number of them should not have been promoted within 12 years of service.

An ex-director general of the International Union of Telecommunications has estimated that Bombay city alone lost Rs.25 crore per day during the strike. On that basis, the loss in gross national product from the strike exceeded a thousand crores of rupees, or more than a quarter per cent of the nation's output for 1990. These numbers, of course, do not measure such qualitative losses as the inability to transfer banked savings to families of migrant workers or the health-related emergencies left unhandled.

The minister must now make his next move, undoubtedly a surrender of some form or the other, while the nation awaits with bated breath the next such hold-up.

Ahem ... what of the long-term? With the economy increasingly regionally interdependent, the regular and smooth flow of information is an essential service, just like power and water supply. Telecom services (at least, as long as they are a monopoly) must come under the Essential Services Maintenance Act.

There will remain a major structural problem. With the latest Pay Commission having brought public sector wages (up to middle level employees) on par with the private sector, managerial demands for efficiency will increasingly be countered with employee demands for a smooth upward movement through the system. This is a crucial battle. With no political will for private sector competition or even public shareholding in profitable PSUs, the efficiency of the monopolistic public sector will increasingly depend on man-management that works. A contradiction in terms? Not necessarily, although it requires a new approach towards systems that go beyond production targets (such as the number of new phones installed) to distinguish and reward particular employees for good performance (such as reducing down-times).

A break-up of telecom services into more independent organizations like MTNL would help. MTNL, for all its high cost style of functioning, has improved telephone services in Bombay and Delhi simply by narrowing accountability for performance on its managing director, earlier impossible under the P & T behemoth that once controlled all telephone services. The country needs more MTNLs, not the wholesale time-bound promotion of any group of employees.

Go easy on jobbers

After a year-long tussle for power between the Controller of Capital Issues and the Securities and Exchange Board of India (SEBI), a bill empowering SEBI has been promised in the monsoon session of Parliament. A modification in the role of "jobbers", those who voluntarily quote buy and sell rates and profit by the difference (or "spread"), is likely.

The finance ministry ought to tread cautiously. It is true that jobbers represent the ultimate in the free-for-all, unregulated environment of stock exchanges. Any authorised trader on the exchange floor may become a jobber at his choice, quoting any spread for any period of time in any scrip. A jobber is not even bound in practice to make a transaction at the quoted price. Jobbers have been accused of causing high spreads (which average half per cent for forward scrips and 5 per cent for others), for poor liquidity (only about 150 shares are readily tradeable on Indian stockmarkets against 6,000 listed), for price volatility, price-fixing and insider trading.

Under the market-maker system, the exchange would recognize one trader in each scrip as a market-maker through whom all trades would be routed; such recognition would also mean access to bank credit. In return, the market-maker would be obliged to quote a price and trade the minimum lot at all times, with his activities being closely monitored for insider trading and price-ramping.

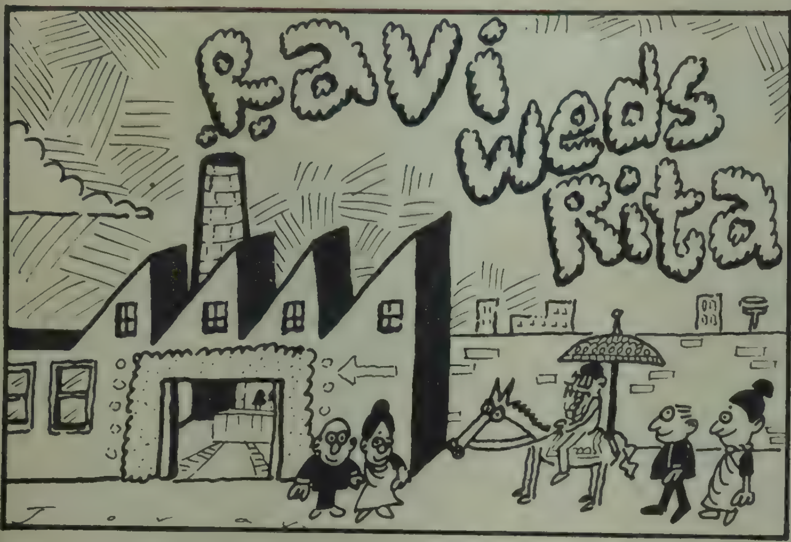
It sounds too wonderful to be true but it is. Since the New York Stock Exchange scrapped jobbing for market-making in the mid-1960s, spreads for actively traded stocks have remained unchanged at half per cent (remarkably close to Indian markets), with no reduction in price volatility. Liquidity has remained confined to about 10 per cent of listed scrips and insider trading has flourished.

In fact, liquidity, price volatility and spreads are determined largely by trading volume rather than the other way around. This is because if trading volumes are high, competition for business among jobbers ensures that spreads fall and trades take place. This is why Tata Steel has a spread of 25 paise (less than a quarter per cent), a price that is unaffected even if a lakh shares are bought or sold, while Assam Tea Company, similarly priced, has a spread of Rs.10 and will probably double in price if so many shares are purchased.

Insider trades also tend to occur in scrips of smaller companies partly because these are relatively poorly researched and, therefore, more susceptible to news and partly because a small, but well-informed insider, can get a bigger bang for his buck from a relatively liquid scrip.

The jobber is, therefore, unfairly blamed when trading volume and the informed trades of others are the real culprits. The only viable option is for new smaller companies where financial institutions which will not mind acquiring large quantities of untradeable scrips, can make markets in those scrips. Otherwise, the system is best left alone.

Divorcing industrial problems



Small scale industrialists in Bangalore, frustrated by the city's growing power, water, transport and labour problems, are looking for more profitable and comfortable avenues of income.

A few enterprising individuals in a Bangalore suburb have successfully converted their factories into 'Kalyana Mandaps' (ornate wedding halls) assuring the owners a substantial daily income (ranging from Rs.1,000 to Rs.8,000 per day).

No marketing is required as the halls are booked months in advance. The halls are also exempt from sales tax, PF, central excise and union problems.

Little wonder then, Bangalore has more wedding halls than any other city in India.

S.S. DESAI
Bangalore

Money spinning

The best paid lawyers in America are the self-styled 'Freedom-Fighters, Social Engineers and Crusaders for Good', namely the plaintiff-attorneys who start lawsuits based on tort laws. While they claim that they don't do it for money, the attorney fees in the famous asbestos pollution case settled in the early eighties amounted to about 70 cents for every dollar of the between $7.6 billion and $9 billion awarded.

There have been innovations galore in recent years. Non-measurable damage claims such as pain and suffering, loss of consortium (right of association with husband and wife) and mental anguish, apart from punitive damages have burgeoned.

New money making gambits include 'hedonic damage', the value an accident victim would have placed on his future happiness and 'posthumous pain and suffering', representing the four-second period in which a truck accident victim burned to death. A new 'Big-Apple Pot-hole Corporation', a private pot-hole census outfit, has been formed to counter the state's attempt to restrict its liability only to accidents involving pot-holes of which it has been informed.

Among the multi-million-dollar grossers are: $23 million for a five-year-old severely injured while riding a lawn-mover; $50 million for an infant brain damage case, and $52 million for a wrongful death suit, settled out of court for $22 million.

L. VENKATACHALAM
Madras

IIT — The brain supremacy

In a recent study sponsored by the department of science and technology on the employment patterns of scientific and technical personnel, the Indian institutes of technology (IITs) have emerged clear leaders for catering to the technical manpower needs of the corporate sector. The study was conducted by the Centre of Science, Technology & Environmental Policy Studies (STEPS), New Delhi.

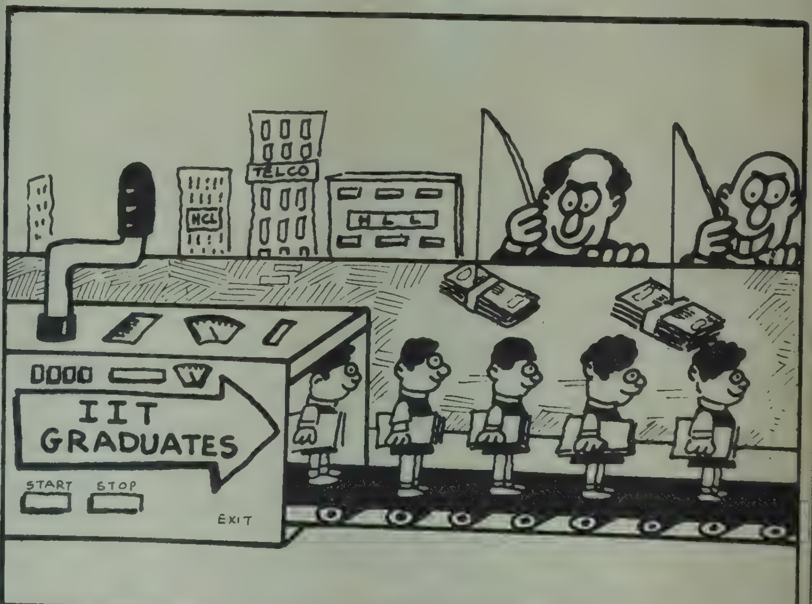
Among the five IITs, Kharagpur, topped the list by sending 130 graduates in a year to the private and public sectors. Following close behind were IIT Bombay and IIT Kanpur with 127 and 110 candidates respectively. The institutes at Delhi and Madras were somewhat less popular accounting for 94 and 92 candidates respectively.

Though Roorkee University actually scores the top position in the accreditation list, about half its engineering graduates opt for the Central Engineering Services thus sending only 71 persons to serve the corporate sector. Of the rest, BITS Pilani and Jadavpur University are the best performers and on a par with IIT Madras. The poor contribution of IIT Madras graduates is best explained by the fact that a large number of them do not need a job at all! They simply leave for greener pastures in the West.

In a survey of potential employers — comprising 20 private sector, 12 public sector companies and seven consultancy firms — the public sector organisations displayed a clear bias for IIT graduates. IIT Kharagpur is considered the most preferred institution by eight public sector companies. In fact, SAIL, BHEL and EIL recruited the highest number of IIT engineers through campus interviews.

Among the private sector giants, Telco and Tisco swept the IITs clean by recruiting as many as 64 and 56 engineers. Another big name in the corporate sector with a bias for IIT graduates is HCL (computer), which bagged about 70. Sundaram Clayton, a relatively low-profile company, recruited 54. Gone are the days when multinationals snapped IIT graduates up. Fast-growing Indian industrial houses now attract the best talent. A company like Thermax recruited 23 IIT graduates, much more than the pitiful five that a certain 'blue chip' multinational wound up with.

S. BISWAS
New Delhi



Who scored all the goals?

In the last 60 years 1,328 goals were scored at the World Cup soccer tournament. No one can say how many goals will be scored at the 1990 World Cup in Italy, but one thing is certain: every goal will be scored with the 'Etrusco Unico', the official tournament ball for the World Cup.This hi-tech soccer ball gets its name from the Etruscans, an ancient Italian people.

This race, which settled in the western region of central Italy between the Arno and the Tiber rivers in the second half of the 13th Century BC, greatly influenced the history of Italy not only by their art and religion, or but also, and in particular, by their numerous sporting activities. And these are alive even today in the paintings of sepulchral chambers and in the 'Lion' a symbol of strength and courage.

It was this 'Lion' in fact that inspired Rene Geiser, product manager of Balls and his highly professional team to design this unusual soccer ball.

PSU's key word

It looks like Mulayam Singh Yadav's philosophy has touched a chord in public sector behemoths — a concerted drive has been launched by a certain 'powerful' PSU to promote Hindi. And not surprisingly, the word that is being translated the most is 'postpone'. In fact, this probably explains the modus operandi of the PSU as well there have been both cost and time overruns in its projects. Indeed, postponement has become so ingrained in their functioning that even their officers' strike was finally postponed!

C.P. RAWAT
New Delhi

Business India invites readers to send original unpublished contributions to this page. The snippets can be humorous, insightful, outrageous or simply, informative. Each snippet must carry this coupon.

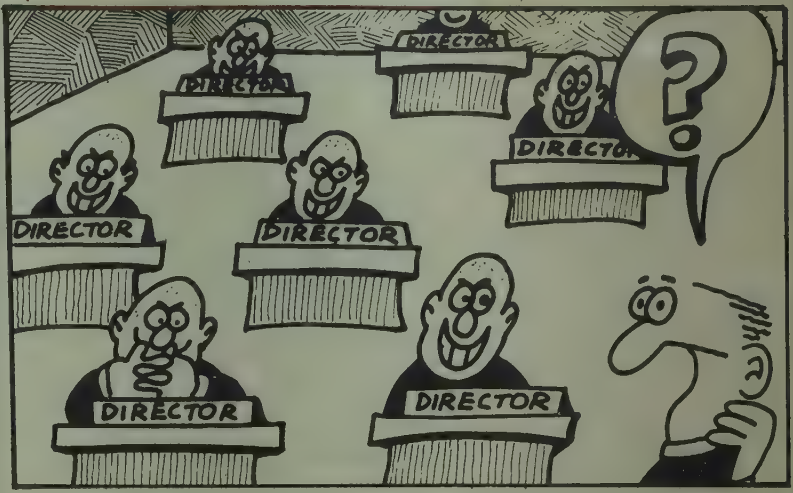
Rs.50 paid for each published contribution.

Glass Forest

The making of glass has shaped the history of the Bavarian forest — Europe's largest continuous woodland area. Its magical title 'The Glass Forest' is less lyrical than practical however. These woods, which comprise a 150 km stretch of quartz called the Pfahl or pile, have produced glass since the 12th Century, provided work and helped men make fortunes.

The Bavarian forest's glass industry has for the most part survived the changing times, including economic crises such as the one that followed World War I and carried off 24 of 32 glassworks with it.

Visiting card 'directors'



The department of company affairs in the ministry of industry must be congratulated on taking a serious view of the widely prevalent practice in companies to designate employees as executive directors, special directors etc. This practice, which has all along been observed in the breach disregarding earlier instructions issued in January 1983 and March 1989, gave the wrong impression to the public that they were dealing with full-fledged directors entitled to act on behalf of the company.

A public limited company in Andhra Pradesh went to the extent of designating a liaison officer as director to get its work done faster. While ignorant government officials accorded him the respect that the designation commanded, lesser placed colleagues in the office referred to him ironically as a 'visiting card director'. Another company in Madras had a special director (personnel) who did not have the authority to even sign a wage settlement with the union.

P.N. VISWANATAN
Madras

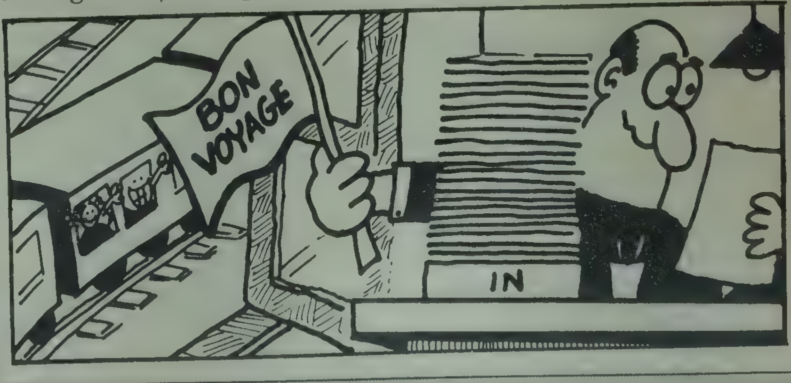
Guinness material

Many never make it to the Guinness Book, but S.G. Belgaukar, stores officer at Digvi Metal Wares Pvt Ltd in Pune, could set a record as a workaholic. He is in the factory at the crack of dawn, and is the last man to leave even during holidays, every day for the last 25 years.

Seven years ago, when the management, in despair, forced him to take a week's holiday, he reluctantly agreed. As he said his goodbyes prior to taking his family to nearby Belgaum, the management patted themselves on the back.

But the very next day, much to everyone's surprise, he was back in his seat — he had just dropped his family at the station!

JYOTHI DIGVI
Pune



भारतीय निर्यात-आयात बैंक

EXPORT-IMPORT BANK OF INDIA

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS: APRIL 1989 - MARCH 1990

GENERAL FUND

AT YEAR END 31ST MARCH 1990	Rs(mn.)	Change over previous year* %
-TOTAL ASSETS	17243	16%
of which LOANS, ADVANCES & BILLS	11178	20%
-OWNED FUNDS	3327	11%
of which RESERVES	989	24%
-BORROWED FUNDS	11814	15%
-GUARANTEES OUTSTANDING	5969	11%
FOR THE YEAR APRIL 1989 - MARCH 1990		
-TOTAL INCOME	1376	23%
-NET INCOME (After Interest, Depreciation, Provisions)	272	20%
FUNDED OPERATIONS		
-SANCTIONS	9550	12%
-DISBURSEMENTS	8878	22%

* For comparison purpose previous year's (January 1988 to March 1989) figures have been annualised

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Changes galore

By the time this appears in print, Montek Singh Ahluwalia, special secretary to the prime minister, could well have been appointed industry secretary, government of India. A former World Bank economist, Ahluwalia will replace Amarnath Varma, a career bureaucrat who is now slated to take over as secretary, surface transport. The present secretary, surface transport, P.M. Abraham, is believed to be heading for the position of secretary, civil supplies. Delhi watchers are wondering what the significance behind Ahluwalia becoming industry secretary is, after the announcement of the new industry policy.

Ahluwalia's installation in Udyog Bhavan is not the only upheaval that is on the cards. A few other significant changes are also being initiated. The most important, probably, is the replacement for Ahluwalia. Deepak Nayyar, professor of economics at the Jawaharlal Nehru University and brother of Vineet Nayyar, chairman of Gas Authority of India Ltd, will probably be the new special secretary at the PMO. If everything goes well he should be assuming charge by the end of this month.

Meanwhile, a new chief economic advisor to the prime minister has also been selected. Vijay Kelkar, who is currently chairman of the Bureau of Industrial Costs and Prices will replace Nitin Desai in this capacity. Interestingly enough, the three persons concerned — Ahluwalia, Nayyar and Kelkar — have either worked with or were consultants of the World Bank.

Reaching out to the public

The Pune-based Kalyani group is fast developing and enthusiastic investors are following. The group's companies are also reaching out to the investing public.

Reportedly Kalyani Steels, one of the most profitable alloy steel companies in the country is thinking of tapping the market for a Rs.40 crore issue. The money raised will fianance their expansion programme.

With the expected good results and even the possibility of a bonus, the issue is likely to be well received. Kalyanis, though diluting their own bonus from almost 70 per cent in Kalyani Steel, will continue to have clear control with at least 51 per cent.

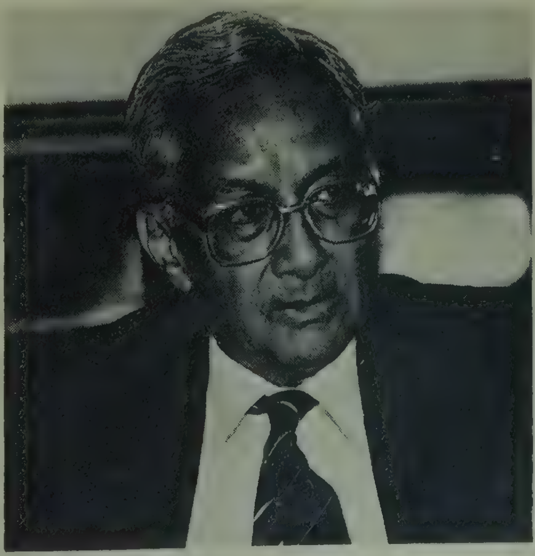
Challenge to private sector

Arif Mohammed Khan who has been making news in his capacity as minister of civil aviation, also holds the more important charge of energy. Now, with the demand for power rising rapidly and power shortage being felt all over the country, a major change in power policy is in the offing. Reportedly the government is considering opening up power generation to the private sector in a big way. With a huge outlay required for power plants, the private sector will have its hands full. Industry watchers are hoping that the private sector will be able to meet the challenge thrown at it.

Renewal of interest

Century Rayon, B.K. Birla group's flagship company, is planning to set up a Rs.250 crore gas-based cement plant at Jaisalmer in Rajasthan. This is being seen as renewal of interest of the Birla family in their state of origin. The zero date for the cement plant, for which final discussions are presently on is expected to be some time later on this year. Two years ago, RIICO had approached many companies including L&T to take up the project. While Century indicated its interest, L&T never got back because of various internal problems. The cement plant will use natural gas struck in the Jaisalmer region by GAIL and OIL.

However, there is more. The Rajasthan government is keenly interested that the promoters of the cement plant take up the yet unimplemented Rs.30 crore gypsum fibre project at Ratangarh in Churu district. This project for which technology was imported from West Germany is to be financed by ICICI. But government sources indicate that the extra tag is not mandatory, specially when it comes to Birlas.



Birla: interest in homestate

Summer deals

The onslaught of summer has businessmen and politicians flocking to London. Many leading businessmen are already there. Several chief ministers and cabinet ministers will also be visiting the place. In the mean time business circles in London are openly discussing the deals being offered. It is clear that various ministers of the new Central government and some new chief ministers, belonging to both Janata and Congress, are taking every opportunity to make a few bucks.

Once the summer holidays are over, several big deals that are pushed through in London will start appearing in the press as decisions of the government.

Computer games

Major changes are taking place in the top rungs of two leading computer companies — ICIM and HCL. ICIM's president Sumantra Banerjee, who has put the company back on the profit track after the RPG group took over the company a few years ago, is joining a Calcutta-based company in the RPG group itself. Ashok Jain, executive director of HCL is taking Banerjee's place in ICIM and Ajay Choudhury, who has been with HCL for long, is replacing Jain as executive director. Meanwhile the top slot at Tata Unisys remains unfilled. And so the game of musical chairs goes on.

Doordarshan to go pop

Indian TV viewers are soon likely to have a chance to see the enormously successful popular pop music programme from MTV (Music Television). MTV has been a super hit worldwide and its formula is simple enough. The latest pop and rock music set against fantasy visuals. Conceptually, this is not very different from the popular Chayageet programmes.

Apparently, the Indian public will see the programmes thanks to UB which seems to have managed a tie up with the American company — another case of Vijay Mallya using his NRI status to the group's advantage.

GOVERNMENT

Bofors papers not to be tabled

The prime minister V.P. Singh, has decided not to place before Parliament the secret portion of the Swedish National Audit Bureau report on Bofors, after Swedish authorities hinted that it might withold further information on the controversial weapons deal if its report were tabled in the house. The prime minister, however, assured the house that a separate discussion could be held on the issue of the Swedish demand.

The PM's action has drawn stringent criticism from opposition parties with the Congress-I going so far as to stage a walkout. The walkout in turn was condemned by members of the ruling National Front.

Curbs on beach resorts likely

The Goa government has drawn up an action plan to stop the haphazard growth of beach resorts. The plan, formulated at the instance of the union ministry for environment, calls for a five-year moratorium on further growth of tourists resorts in Goa and a total reappraisal of projects where construction has not yet begun.

However, the Goa government does not agree with the Centre that there should be a complete ban on the growth of beach resorts in the state. But it does propose to take strict action against those found violating construction rules and environmental norms.

Haryana may cut sales tax

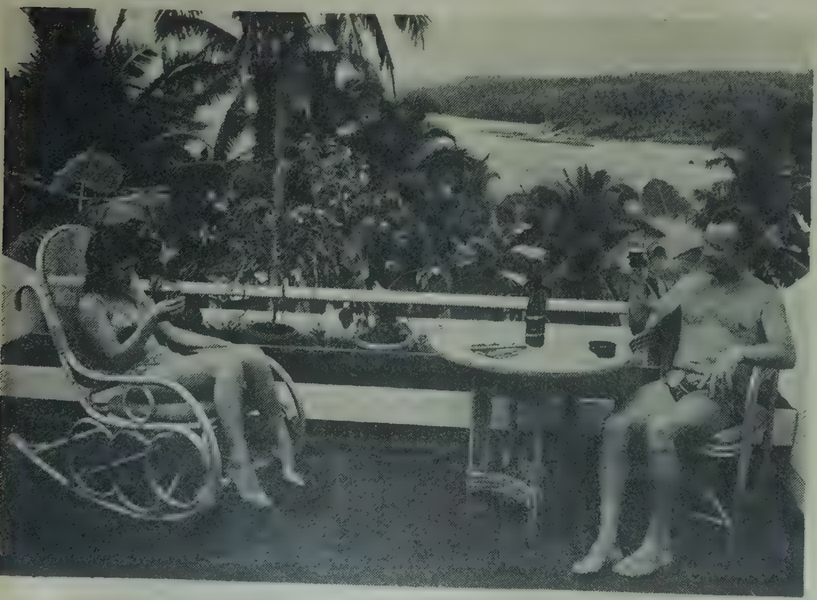
Haryana may soon slash sales tax rates on several new items as part of the state's policy of giving relief to traders, while simultaneously augmenting gross receipts.

The Haryana government has reduced sales tax rates on as many as 65 items in the past two years, but the gross revenue receipts have registered a remarkable growth. On utensils, the receipts soared by 50 per cent after sales tax was cut, about two years ago.

Chief minister Banarsi Dass Gupta told the Faridabad Industries Association recently that he had pleaded with union finance minister Madhu Dandavate to extend the Haryana experiment to the Centre.

Gujarat sore over water theft

The Gujarat government has decided to take legal steps against those taking drinking water from public water supply schemes without due authorisation and using it for commercial purposes. Gujarat minister for health and water supply Nalin Bhatt announced this last fortnight at the first ever *lok adalat* held in the state. He said that the authorities had noticed several anti-social elements illegally using drinking water for various other purposes, thus aggravating the already acute drinking water crisis in Gujarat.



Government loans announced

The central government has announced four loans for a total notified amount of Rs.2,000 crore as the first tranche of its borrowing programme for 1990-91. They are: the 10.5 per cent loan 1995, the 10.75 per cent loan 2000, the 11.25 per cent loan 2005 and the 11.5 per cent loan 2010, all at par. If subscriptions, opening on 11 June, exceed the notified amount, partial allotment will be made on a proportionate basis and the balance refunded without interest as early as possible. Union finance minister Madhu Dandavate has budgeted for gross market borrowings of Rs.8,988 crore for the current financial year, against Rs.8,039 crore raised in five tranche of three loans in 1989-90.

ECONOMY

Eighth Plan approach paper

Growth rate and outlay: The approach paper for the Eighth Plan envisages a growth rate of 5.5 per cent with a savings rate of 22 per cent of the gross domestic product. With a total projected net foreign resources inflow of 1.5 per cent, the total investment outlay during the plan period works out roughly to Rs.600,000 crore.

Investment requirements in the power sector during the Eighth Plan would be Rs.1,06,000 crore. The plan envisages a capacity production of 38,369 mw which will reduce energy shortage at the end of the plan period by 0.8 per cent.

Outlined is a five-pronged strategy for export growth. The strategy recommended greater attention to expanding exports of labour intensive manufacturers, strengthening of institutional infrastructure for exports such as export houses, export promotion councils, specialisation in products and markets, modernisation of other trade promoting institutions and elimination of procedural bottlenecks. Rationalisation of incentives, speedy delivery of raw materials, equipment and components related to export production and promptness in provision of export assistance were the other suggestions.

Exim policy changes: The policy for registered exporters was liberalised by raising the value limit for the import of items against rep licences. Rep licences will be endorsed for the import of relevant raw materials, components, consumables and packing materials listed in Appendices III and V Part A of the current import policy. Changes have also been made in the export house scheme, to effect the government's decision, to reduce the qualifying limits for recognition of such houses from Rs.5 crore to Rs.4 crore, of the net foreign exchange earned during the past three licensing years.

Agro-production: The growth rate of agricultural production between post green revolution period and the period when price support schemes became active has significantly fallen. For all commodities, production growth rate declined from 3.2 per cent per annum during 1951-52 to 1964-65 to 2.3 per cent per annum during 1964-65 to 1987-88.

Cost overruns

The cost overrun of 331 projects, being implemented by the Centre, has been estimated to be around Rs.11,993 crore during 1989-90. The fertiliser sector, with seven projects accounts for 63 per cent of these overruns in terms of actual costs. Railways and coal sectors follow with 38.9 per cent and 26.4 per cent cost escalations, respectively.

Food stocks

Rice procurement in the 1989-90 marketing season was 11.2 million tonnes at May end. Wheat procurement was nine million tonnes.

CORPORATE

Escorts-BMW tie-up

Escorts Ltd is planning to race ahead in the motorcycles' race by tying up with BMW, the reputed West German car and two-wheeler manufacturer. A new joint venture company — BMW-Escorts — which will manufacture 4-stroke engines in the range of 180 cc to 200 cc and above, is to be promoted for the purpose.

The motorcycles for the Indian market will be fitted with the 180 cc engines, while those for export to the US and Europe will use the 200 cc engine. When *Business India* had written about the ensuing tie-up in December 1989 Escorts had vehemently denied the report.

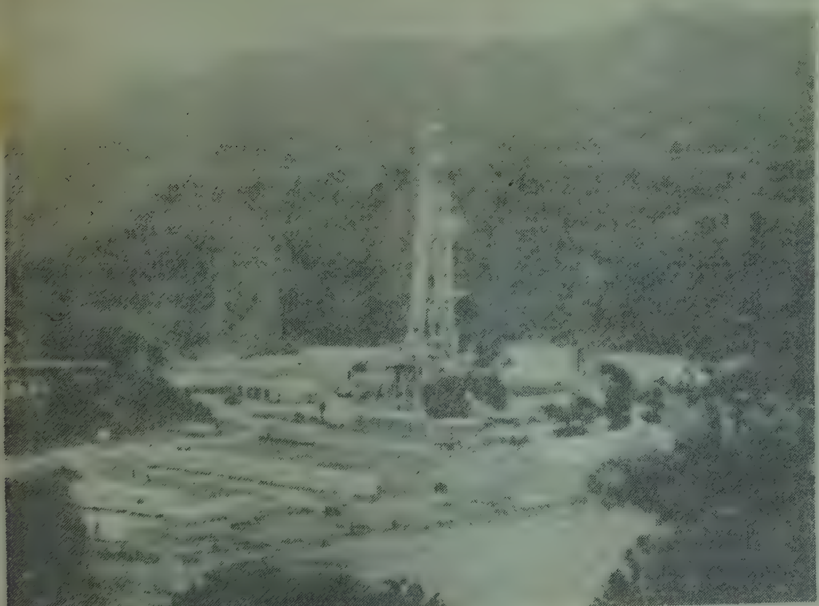
ONGC targets

To achieve its targets of producing 33 million tonnes of crude oil per annum and 27.2 million cubic metres of gas per day, ONGC proposes to invest Rs.2,672 crore in 1990-91. In the pipeline are the setting up of kerosene and ethane-propane recovery plants as well as a dearomatisation and pyrolysis blending unit at Hazira. An LPG plant is proposed to come up at Lakwa. The development of the Mukta, Neelam, PY-3, Ravva, Bombay High's L-II and L-III oilfields, as well as the Tripura, Gandhar and Tapti regions are also proposed. Seven new wells will be drilled in the South Rewa, Vindhya, Satpura and Pranhita-Godavari basins and seven new locations have also been identified in the Gulf of Cambay.

DCM diversifies

An investment of Rs.180 crore on diversifications and the promotion of two new projects is on the drawing board at DCM Sriram Industries. A letter of intent has already been received to set up a Rs.100 crore nylon tyre cord plant. And the second, a Rs.25 crore project, will manufacture drug intermediates and fine chemicals. The production of other high-technology products like aramid, carbon fibre and sulphochloronated polyethylene are also being considered. The group's Hindon River Mill is also slated for a facelift.

These ambitious plans of the Bansi Dhar group are viewed as the first steps taken by any faction in the divided Sriram family, to carve out a separate identity for themselves in the big league.



ITI break-through

Wrong numbers may be minimised, now that the Bangalore-based Indian Telephone Industries proposes to implement some of its technological breakthroughs. ITI claims to have developed perhaps the largest application specific integrated switch chip in the world that has the capacity to switch into 512 channels. Once fitted into the digital integrated local-cum-trunk electronic exchange, chips will help in lowering costs and increasing efficiency.

To manufacture these chips, ITI is setting up a Rs.54 crore unit, which will be completed in two phases. The first phase, costing Rs.19 crore, will be completed in three years. And the second, Rs.35 crore phase, will take another 18 months.

ITI also plans to manufacture thick film hybrids and thin film hybrids, that find application in the wide range of switching and transmission equipment it manufactures.

Polypropylene technology available

Technology for the manufacture of polypropylene is now available on licence through Chemtex Engineering of India Ltd. The Bombay-based company has a tie-up with Chemtex International Inc of New York, which in turn collaborates with Fina Technology Inc (FTI) of the USA.

The technology has been developed by FTI's sister concern Fina Oil & Chemical Company. This polypropylene technology produces both homopolymers and copolymers. The process technology developed by FTI provides for lower capital investment for new plants. It also leads to greater process efficiency and better product quality.

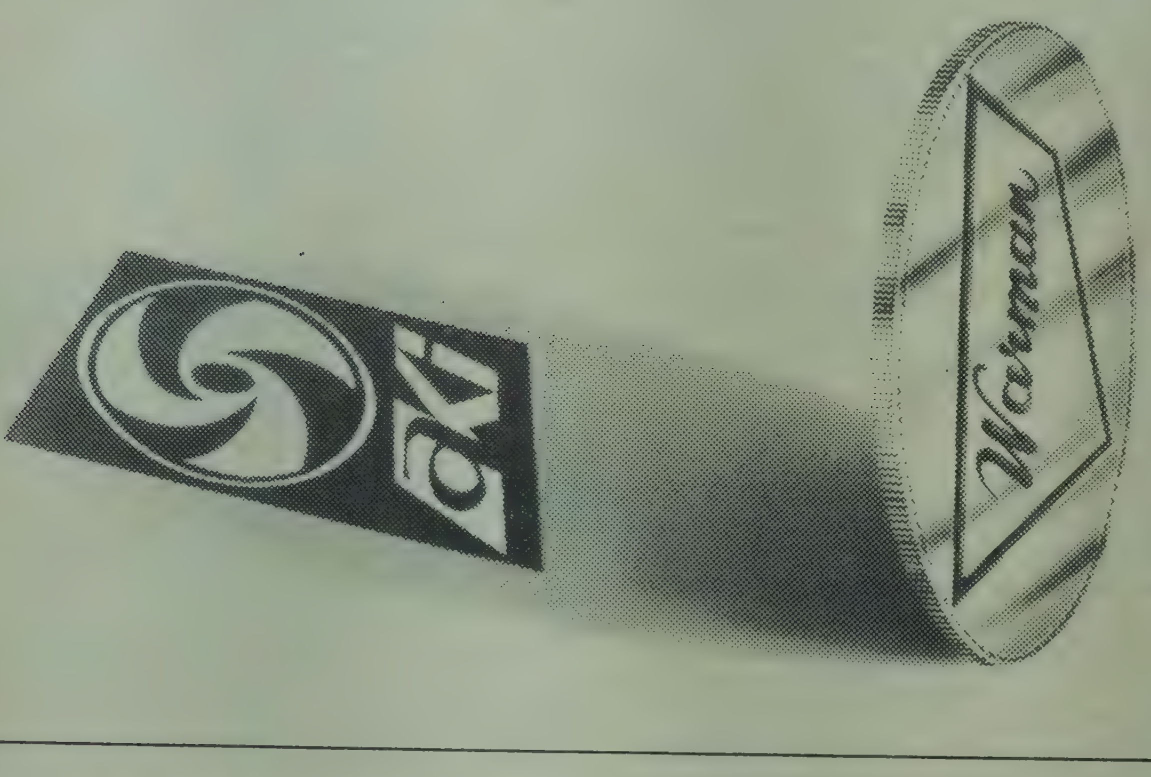
Compact discs from HMV

RPG Enterprises has finally acknowledged that the Gramophone Company of India would be better qualified to make compact discs (CD), than Phillips Carbon Black Ltd (PCBL). The reason: for PCBL, it would ring a discordant note, being diversification into an unfamiliar area. For the Gramophone Company, which is synonymous with HMV records and cassettes, it would mean forward integration and technology upgradation. RPG Enterprises' CD project has been set up in Calcutta, at the Salt Lake electronics complex.

MITCO-MMTC to merge

The Mica Trading Corporation of India Ltd (MITCO) is likely to merge with the Minerals & Metals Trading Corporation of India (MMTC), because the former's Japanese collaborator, Nippon Rika Aogyosho Co Ltd, has reneged on the agreement to buy back 60 per cent of its

If it's WARMAN It has to be AKAY



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production of mica paper.

MITCO is a wholly owned subsidiary of MMTC. The Japanese refusal combined with MITCO recording a loss of Rs.1.75 crore on a turnover of Rs.25 crore in the year ended March 1989, has prompted MMTC's proposal to merge.

ECP-Matsushita collaboration

A collaboration between ECP Ltd and Matsushita is going to lead to the production of home entertainment systems (HES). ECP currently manufactures the Salora brand of TV sets and a variety of electronic gadgets. The company's new plant, located at Noida near New Delhi, will have an annual production capacity of 25,000 HES units, which will subsequently be increased to 1,25,000 units. Commercial production is expected to commence by end-1990.

INDUSTRY

Wheelset shortage

The rail wagon industry is facing a serious crisis following a disruption in the supply of wheelsets by the Indian Railways as a free supply item. As a result not a single wagon was supplied during April and May.

During 1989-90, production of wagons peaked at 23,000 four-wheelers. A production target of 25,000 units has been set for 1990-91. The eighth plan wagon procurement target is 1.5 lakh.

To produce the targeted 25,000 four-wheelers, the industry needs 43,000 broad gauge wheelsets of 22.9 tonne capacity and 5,300 metre gauge wheelsets. The 22.9 tonne wheelsets are produced only at Indian Railways' wheel and axle plant at Bangalore. The plant supplied 23,000 sets in 1989-90 and is expected to supply only 27,500 this year. The railway board has therefore decided to import 15,300 broad gauge sets in order to meet the shortfall.

Sulphur import

The Federation of Indian Chambers of Commerce and Industry (FICCI) has suggested to the government that sulphur of lower purity be placed in the open general licence (OGL) category and that its import for further purification be allowed without duty to help meet domestic demand.

FICCI's rationale is that sulphur of low purity is priced very low in the international market. As compared to 99.5 per cent pure sulphur, the price of which is $95 per metric tonne, sulphur of 97 per cent purity is priced at $70 and that of 85 per cent purity at $45.

Consortium of SSUs

Small-scale units making detergent powder are to be grouped in a consortium to counter the threat posed by large-scale units. The Small Industries' Development Bank of India (SIDBI) will launch innovative schemes for the benefit of tiny and small-scale industries in the country. In addition, refinance facilities to state financial corporations and nationalised banks will also be provided by SIDBI to facilitate credit to the small-scale sector.

Release edible oil stocks: VMA

The Vanaspati Manufacturers' Association (VMA), eastern zone, fears an edible oils and vanaspati crisis in the June-September period this year and has urged the government to fill the demand-supply gap either by imports or by asking the National Dairy Development Board (NDDB) to release oil to the vanaspati industry.

DALDA
Sunflower
POSTMAN

According to the VMA, the vanaspati industry in eastern India will require approximately 50,000 tonnes of oil to meet the demand of the region for the next five months.

Bakery units seek incentives

Representatives of the milling and bakery industry have urged the Centre to accord recognition to the bakery industry on par with the food processing industry. Though the annual turnover of this industry is around Rs.2,000 crore, the bakery industry is still not considered a food processing industry by the government.

The representatives also emphasised that uniform tariff rates, similar to those in the noodle and pasta industry, should be made available to the bakery industry.

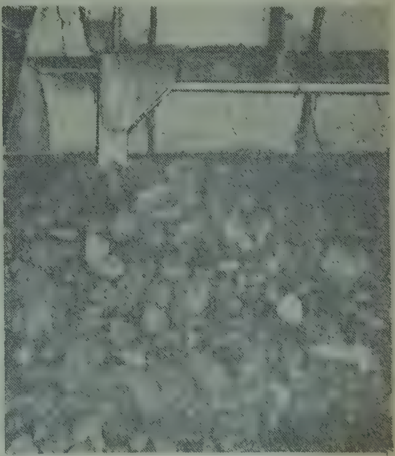
Better plastics

The All-India Plastic Manufacturers Association has welcomed the hike in the investment ceiling for small-scale industries, which will enable even small plastic processing units to instal sophisticated machines for processing polymers and produce quality products. The higher ceiling, of Rs.60 lakh against the earlier Rs.35 lakh, will also help increase exports thanks to the higher quality of production, according to association president Vijay Merchant. The increase in the cost of new machines was so far inhibiting entrepreneurs because of the danger of exceeding the old investment limits, he pointed out.

Steam coal shortage

Several industries in the sugar, textiles, paper, steel, metallurgy, chemicals and jute sectors have been hit by a shortage of steam coal, says the Federation of Indian Chambers of Commerce and Industry.

The effects of the present shortfall are being felt all over the country. It has occurred at a time when coal supplies were to have been normal. If it continues the situation will deteriorate further during the monsoon.



LABOUR

FCI stir

Workers of the Food Corporation of India in West Bengal have ceased work from 28 May, bringing the work in most depots to a standstill.

Supporters of the INTUC affiliated union started the agitation following a clash with CITU supporters at the Kalyani depot on 25 May. CITU affiliated employees allege that a section of corrupt officials and the INTUC union were responsible for the breakdown in the public distribution system.

Supplies to ration shops have been severely disrupted and over 40,000 tonnes of rice, wheat and sugar stocked at FCI's depots could not be moved out.

Partial response

The one day strike called by the National Confederation of Officer's Associations of Central Public Sector undertakings in Bombay evoked a partial response. The association however, stated in a release that over 1.5 lakh officers answered the strike call on 29 May. In many public sector organisations like Mazagon Docks Ltd, Hindustan Organic Chemicals, State Trading Corporation and IPCL, most officers ignored the strike call.

The demands of the association included wage revision and parity of DA with central government employees.

WBSEB concedes demands

In the wake of a two day strike organised by non-CITU unions in West Bengal, the State Electricity Board has prudently conceded some demands of the agitating workers.

In spite of statements to the contrary, actual attendence figures reveal that about 45 to 50 per cent of the workers were absent during the strike. The board has now conceded that the deadlines for exercising the option on payscales and DA will be removed. A cut in the housing allowance of a certain category of workers has been suspended. Medical benefits to workers will include the facility for treatment in government hospitals and an electricity allowance without production of actual bills has also been granted.

Construction strike

Cement dealers, labourers, representatives of manufacturers and fertiliser dealers called a lightning strike over a deadlock with Northern Railway, bringing movement of cement fertilisers and other commodities to a halt. The dealers were protesting against the Railway's decision to store cement rakes in an open shed and fixing of odd hours for unloading goods.

The strike and the resulting break in the movement of goods brought construction of development projects and government buildings to a halt.

Among other grievances of the dealers is the fact that the railways have threatened to auction over Rs.165 lakh worth of fertiliser bags in storage and have raised wharfage charges arbitrarily.

Syndicate stir

The trouble in Syndicate Bank continues, with members of the Syndicate Bank Officers' Association going on a relay hunger strike on 4 June. The management had brought a legal injunction against the action, but the association got this vacated on 3 June evening. The officers have been agitating for about a month to press various demands, amid corruption charges against one of their leaders and a virtual split in their ranks.

DIARY

DATE	SUBJECT	ORGANISER	VENUE
12-14 June	**Machine tool maintenance**	National Productivity Council	Hotel Oberoi Towers, Bombay
14 June	**Improving communication strategy**	Creative Communication and Management Center Ph: 273006	Hotel Oberoi Towers, Bombay
14-16 June	**Leadership challenges of the 1990s**	Quality Management International	Hotel Holiday Home, Shimla
15 & 16 June	**Setting up of export business**	Creative Communication and Management Center Ph: 273006	Searock Sheraton, Bombay
18 & 19 June	**Team building**	Creative Communication and Management Center Ph: 273006	Hotel Oberoi Towers, Bombay
18-22 June	**Operations research applications in financial management**	Institute for Financial Management and Research	Institute for Financial Management and Research, Madras
19-23 June	**Statistical quality control**	Indian Statistical Institute	Indian Statistical Institute, Hyderabad

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INDIAN BRANCH

FINANCIAL HIGHLIGHTS AS AT MARCH 31, 1990

BALANCE SHEET	31-03-1990 * **Rs. '000**	31-03-1989 * **Rs. '000**
ASSETS		
Cash and Due from Banks	829323	277610
Investment in Securities, etc.	878421	826100
Loans and Advances (less provision for loan losses)	2306182	2173927
Property and Equipment	70109	68443
Other assets	165332	154040
Total Assets	**4249367**	**3500120**
LIABILITIES		
Demand Deposits	567049	406467
Savings and Time Deposits	3084694	2696374
Due to Banks, etc.	268636	119934
Other liabilities	190933	164446
Total Liabilities	**4111312**	**3387221**
RESERVES		
Legal Reserves	12840	6731
Retained Earnings & other reserves	125215	106168
Total Reserves	**138055**	**112899**
Total Liabilities and Reserves	**4249367**	**3500120**

PROFIT AND LOSS ACCOUNT	31-03-1990 * **12 Months** **Rs. '000**	31-03-1989 * **15 Months** **Rs. '000**
INCOME (less provision for loan losses)		
Interest and Discount	599438	704798
Commission and Brokerage	58068	68331
Net Profit – Sale of Investments, etc.	21953	–
Other Income	1093	2749
Total Income	680552	775878
EXPENDITURE		
Interest paid – Deposits, Borrowings, etc.	520078	578535
Salaries and Allowances	18110	16151
Other Operating Expenditure	111817	147539
Total Expenditure	650005	742225
Balance of Profit for the Year	**30547**	**33653**

* audited

ARUN KIRLOSKAR

Last fortnight, Kirloskar Cummins Ltd (KCL) became the first company in to be awarded a Quality Assurance Certificate by the Indian Register of Shipping (IRS). KCL engines will now be accepted by IRS without individual engines having to undergo its stringent quality control checks. Responding to the honour, Arun Kirloskar, chairman of the company, said that this was yet another testimony to the total quality approach adopted by KCL. "We already have similar self-certification approvals from Lloyds', the American Bureau of Shipping and our own Export Inspection Agency," he added. Exports of KCL have risen in three years from a meagre Rs.3 crore to Rs.34 crore. The company's target now is cumulative exports of Rs.500 crore in the next five years. "This target is not beyond our reach since we have mastered cost effective quality techniques over the years," says Kirloskar.

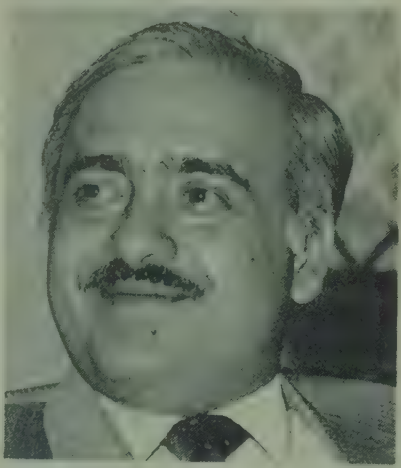
PREM VACHANI

With gross profits on components being 50 per cent as compared to about 28 per cent on electronic equipment, Weston Electronics will now manufacture items like printed circuit boards, aluminium electrolytic capacitors used in satellites and flyback transformers for washing machines. The total investment package of Rs.11.75 crore will come partly through a rights cum public issue of Rs.6.4 crore and partly from term loans from ICICI. "Our expansion plans include the manufacture of cordless telephones, industrial laminates and compact disks," says Prem Vachani, chairman, Weston Electronics. Presently, black and white television sets account for 80 per cent of the company's sales. In the colour television segment, however, the company's performance has been uninspiring as it has faced problems with the technology it uses.

ANIL AGGARWAL

No market could be more certain than the latex market, feels Polar Fans' managing director, Anil Aggarwal. The new company he is promoting is Polar Latex Limited. Set up in collaboration with Industrial Promotion and Investment Corporation of Orissa (IPICOL) in the joint sector, the company will use technology from Hindustan Latex Limited. "The government is very serious about family planning; there are no excise or sales duties on latex and it is eligible for both central and state subsidies," says Aggarwal. The capacity of Polar Latex, which is being set up for Rs.9.5 crore, is 160 million pieces, half of which the company plans to export. The company will go into trial production by October 1990 and the product, called Adam, will appear in the market shortly thereafter.

ARVIND PAHWA



At best of times buying a house in Bombay is a nightmare. With real estate prices constantly on the rise, most buyers need time to collect enough money, by which time prices have risen further. Lokhandwala Construction Industries Ltd aim to break the deadlock. "You can buy even 10 square feet," says Arvind Pahwa, chief executive. What Lokhandwala has done is to launch a real estate participation scheme. It is issuing 26,548 shares at Rs.7,500 each. A single one will entitle a holder to 10 square feet in Lokhandwala Complex in Kandivili East, Bombay. Buyers in Bombay have become extremely sceptical of builders but the scheme has a built-in safeguard. An independent trustee, who is still to be appointed, will safeguard the buyers' interests. Holders of the certificates will be able to exchange the certificates, if they have enough, in 1994, or sell them to other buyers for capital appreciation.

SATISH RAO

Precision Gears Pvt Ltd, the pioneer and market leader in the manufacture of blister packing machines, has added a new model, the Formapack 230T, to its existing range. This machine is more versatile than the earlier models since it can handle not only the complete range of products like tablets, capsules, small glass bottles and various cosmetic products, but also achieve a maximum output of 300 blisters per minute. Satish Rao, managing director of the company, says that the Formapack 230T was designed using the technology available in the company's data bank and less than 20 per cent of its components are imported. This machine will be displayed at Interpack 90, an international exhibition to be held at Dusseldorf, West Germany.

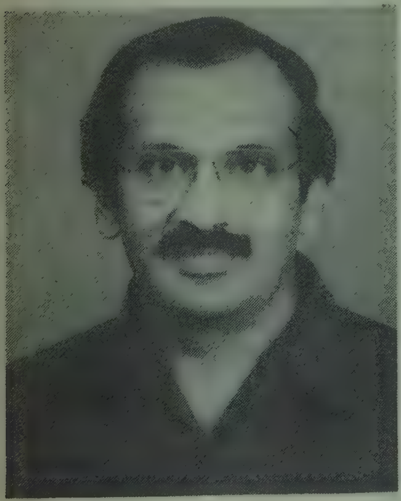
D.S. GUPTA

A major breakthrough recently for Maruti Udyog Ltd. (MUL) was the technical approval of the Maruti car by France and of the Maruti Gypsy by Australia for exports. According to D.S. Gupta, general manager, marketing and sales at MUL, negotiations with Britain, Italy, Portugal and West Germany for exports are under way. Gupta hopes to export 50,000 vehicles annually by 1995. "Maruti has a niche in Western Europe as it will be bought as a second fam-

ily car," he says. The imminent European Community union does not threaten him as a major Maruti-Suzuki tie-up is in the offing. Under the agreement, Suzuki will allow MUL to produce the cars in the lower end of its range and Maruti will use the Suzuki network to market the vehicles.

R. V. TYAGARAJAN

Promoted in Thanjavur district of Tamil Nadu with a crushing capacity of 1,200 tonnes of cane per day, the capacity of Thiru Arooran Sugars was later increased to 2,000 tonnes. The company is now putting up a new 2,500 tonne plant at a cost of Rs.25.9 crore. "Our capacity utilisation in the last four years has been among the best in the country," claims R.V. Tyagarajan, chairman and managing director of Thiru Arooran. According to him the capacity utilisation in the new unit will be even better. "The plant has already been commissioned. High pressure boilers will ensure the saving of a lot of bagasse which will be used in co-generation of power," he adds.



DAVID MACDONALD

There was an obvious synergy but it just did not take off. For a while it appeared that the two software giants, Lotus and Novell, were going to merge. But the deal fell through and for Lotus it's back to business as usual.

David MacDonald, director, international business development and support, Lotus Development Corporation, says the merger was planned in such a way that it would have not affected their operations significantly in any case. MacDonald said that the decision of the company to open a liaison office in India has three objectives: to be able to listen to consumers, to combat software piracy and to examine the possibility of developing software in India. "India is a logical choice for us to develop software," says MacDonald. But the company is still in the exploratory stage as far as this is concerned.

ROY OLSEN

Novell, the international giant in PC-based local area network (LAN) software, is keen on expanding its activities in India. Recently Roy Olsen, director of business development, Novell International, was in the country fixing up priorities and arranging a new national distributor — Hinditron. Its earlier distributor — Zenith Computers — however remains in the picture with a "special OEM status". "We plan to launch an intensified educational and marketing effort to make Novell the standard networking system in the country," said Olsen who is also keen on "joint ventures and starting a software group in India".

SANDRA MEYER

Citicorp, known as Citibank in several countries, will now be adopting a common universal identity. A major communications programme is being worked out "to make Citibank as big a brand name as Disney," says Sandra Meyer, senior officer, corporate affairs. "While we celebrate our diversity, we must have the same standards the world over," she adds. The New York-based Meyer, who is a member of the bank's high-powered 32-member corporate policy committee, was here recently to have a look at the Indian operations and "get a sense of the business". Her verdict — innovation has been the key factor behind their success. In an age where people, ideas and money are highly mobile, Meyer's super-marketing job is to position her bank as a truly global institution whose strategic focus is towards the long term.

P. QUETARD

Magnetic Marelli of Italy is the largest European group involved in the design and production of hi-tech components for the automotive market. It recently took over Solex of France, which has had a 30-year collaboration with Madras-based Carburettors Ltd. "The carburettors made by the Indian company are of very high quality and have been accepted in the highly competitive European markets," says P. Quetard, vice president and chief executive of Magnetic Marelli.

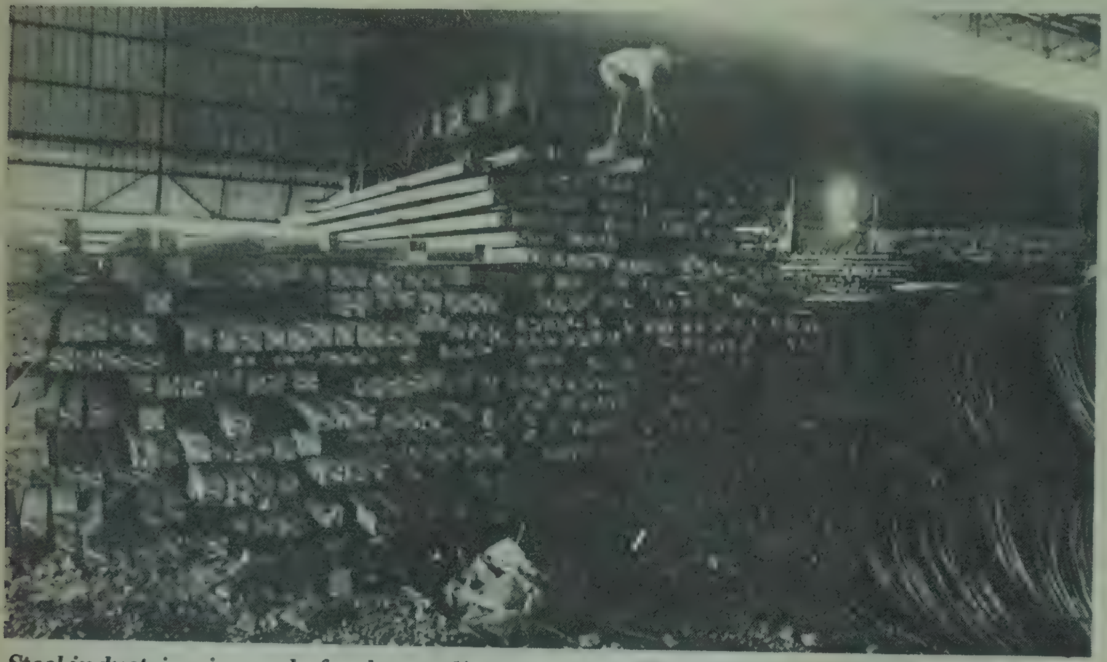
In fact, the French army has tested these carburettors for their American-made Willys jeeps. The French army has decided to place an initial order for 3,000 special type units to be made by Carburettors Limited and supplied in a month.

STEEL LICENSING POLICY

Pressurised and predictable

The compulsions on steel and mines minister Dinesh Goswami as he was framing the new steel licensing policy were apparent: insufficient steel production in the country, more specifically of flat products. India spent Rs.2,000 crore in 1989-90 on steel imports to augment our inadequate domestic supplies. By 1994-95, the projected deficit will be 2 million tonnes and will climb to 3 million tonnes by the turn of the century.

Much of what followed through the new policy was predictable: allow the private sector to expand and integrate. Three million tonnes out of a total of 14.7 million tonnes of the country's steel output came from the 173 mini steel units in the private sector. The Eighth Plan aims to raise this contribution to 6.1 million tonnes by 1994-95. But the policy left some wondering whether it will achieve the desired objectives.



Steel industries: in need of a clear policy

Advantageous provisions for private sector units are contained in the following recommendations:

- Allowing the private sector to make steel through the blast furnace route — hitherto reserved for the integrated steel plants of SAIL and TISCO — subject to a capacity ceiling of 2.5 lakh tonnes per annum.
- Modernisation of electric arc furnaces will be allowed liberally subject to the utilisation of sponge iron. This is aimed at reducing the outflow of foreign exchange required to import steel scrap.
- Units making sponge iron may expand their activities now to turn out finished steel.
- Special provisions for hilly and backward regions will continue.

Economies of scale. "All this," Goswami claimed, "would help the secondary steel sector accomplish both backward and forward integration and achieve economies of scale." A capacity of 2.5 lakh tonnes per annum is considered the minimum with which a unit can be economically viable.

At present, the secondary sector converts steel scrap, much of which is imported at $180 a tonne, to finished steel in an electric arc furnace. On the other hand, integrated plants use a blast furnace (using coal instead of electricity) to reduce iron ore first to pig iron and then to steel which is then rolled into wires, sheets or plates at the attached mills.

Till now the secondary sector, comprising 180 units in the private sector, has been engaged in only one of these activities — either converting iron ore to pig iron or converting scrap to steel or simply pressing and rolling. Under the new policy, they can integrate all these activities.

But, not everybody is satisfied. "It isn't entirely clear or even different from the previous government's policy," says Viren J. Shah, president of ASSOCHAM. His reference is to the lack of specifications for the ceiling set on the expansion of capacities of electric arc furnaces. "If it remains at 2.5 lakh tonnes it is merely a duplication of the previous government's policies. If there isn't any ceiling then it is commendable," says Shah.

The policy is also silent on issues that require simultaneous consideration with expanding capacities — the dictates of the MRTP act. Clearances become mandatory if asset size grows beyond Rs.100 crore. It is this ruling which the industry considers a hindrance to growth. Forward and backward integration as also capacity expansion will take most companies beyond the Rs.100 crore asset limit, thus necessitating further interaction with the MRTP Commission. "Unless simultaneously amended, liberalisation will never achieve the desired results," says Shah.

No assurances. Steel scrap import is another problem area for which Goswami did not offer assurances. Sponge iron is being actively promoted as it is a substitute for scrap. "But what of all the units which presently use scrap?" asks K.D. Jain, secretary of the Steel Furnace Association. Besides, most units in the secondary sector are way below the stipulated minimum economic capacities. If the priority of the government is to expand as well as switch to sponge iron, the process will take another four to five years. "In the interim, they must continue to function if we aren't to accentuate shortages," says Jain.

Many other policy aspects will require reworking by Goswami before the country achieves a measure of self-sufficiency. Those relating to the problems of integrated steel plants with reference to distribution and pricing are especially relevant. And all this must come in a packet which is sufficiently clear, the lack of which the industry most often complains about.

■ ARIF SHARIF

GLASS CONTAINERS

A crushing burden

Glass container manufacturers have been viewing with growing alarm the increasing preference for plastics and tetrapacks rather than for glass containers. Producers of soft drinks, juices, processed foods, toiletries and cosmetics have started switching over to plastics or tetrapacks as packaging materials, thereby cutting into traditional glass markets. To add to their problems, the directorate general of supplies and disposables

Swissair Customer Portrait: Naaz Rovshen, Corporate President.

swissair
Passenger ticket
Flugschein
Billet de passage
Biglietto passeggero

Ironically, Naaz Rovshen leaves one Gateway, only to be welcomed to Swissair's European Gateway. Zurich, of course. Naaz's gateway to business in Europe. Where Swissair flies to more than fifty destinations. Nine in Germany, six in France, six in Italy and three in the U.K. With this Swissair daily feature, you also enjoy Swiss hospitality and punctuality All of which will have you agreeing with Naaz that Swissair's European Gateway, brings that same feeling of warmth as experienced upon sighting the Gateway of India.

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Recycling glass: an environmentally acceptable process

(DGS&D) has decided to switch over from glass to plastic containers to package intravenous fluids, thus depriving the industry of orders worth Rs.6 crore.

Rajinder Singh, president of the All India Glass Manufacturers' Federation (AIGMF), says that the prime reason for the shift away from glass is the high excise duty of 42 per cent on finished glass containers, whereas duty is nil on plastic containers and tetrapacks. Even other competitive packaging materials like aluminium and tin have a lesser excise of 15.75 per cent. This has put the glass industry in a disadvantageous position.

Plea ignored. The duty of 36.75 per cent on finished glass containers was raised to 42 per cent in 1986. Representations from the AIGMF to the government requesting a reduction have yet to bear fruit. Says Singh, "Unless there is parity in excise duty, we cannot compete effectively. Let the government reduce excise and we will take care of ourselves." A section of glass manufacturers feel that the powerful petroleum lobby has prevented the excise cuts from materialising. Plastic manufacturers, however, are quick to point out that the raw materials they use are liable to both import and excise duties.

Glass, the AIGMF points out, is inert and impurities in the contents can be easily spotted due to its transparency. Other packaging materials like tin, aluminium and plastics are not inert and their shelf life is low compared to glass. Besides raw materials for glass are abundant, whereas those for plastics have to be imported. In 1988-89 the government had to import 341,000 tonnes of raw material to meet the demand for thermoplastics. Plastics and tetrapacks have a problem of disposal. Aluminium, on the other hand, is energy intensive. Singh also points out that glass can be recycled or reused. Nearly 60 per cent of the raw material for glass containers is broken bottles.

Tetrapacks and plastics do have certain inherent advantages, low prices being one of the chief ones. While a 250-ml returnable bottle of Parle's costs Rs.3, a tetrapack costs 56 paise. Bhanu Vakil, chief executive of Parle Beverages Pvt Ltd, which packages 'Frooti' in tetrapacks says, "Another advantage of tetrapacks is that they are comparatively lighter, smaller and cheaper than glass containers and also unbreakable." This facilitates transport. Parle has seven packaging plants for its tetrapack based drinks, against 62 bottling units for their carbonated soft drinks.

To make glass bottles more economical than plastics or tetrapacks, they have to be reused. If a bottle is reused 20 times its effective cost goes down to Rs 0.15. But for this, an effective method for recyling bottles is essential, which could render the operation unviable for small scale entreprenuers. Producers of cosmetics, too, find reuse uneconomical.

Different view. Whatever the advantages of plastic and tetrapacks, there are some who feel that these will never replace glass. For example, R.N. Mungale, vice-president of Parle (Exports) Pvt Ltd feels that, "Tetrapacks and plastics will never take the place of glass bottles as far as carbonated soft drinks are concerned." He points out that products like spirits and beer will continue to be packed in glass.

According to M.R. Subramanian, director of the Indian Institute of Packaging, the current problem springs from the fact that the market for the packaging industry is as yet too small. Only 1.5 per cent of the total food produced in the country is packaged. "It is too many people trying to get the maximum share of a very small cake," he says.

Considering the fact that glass is manufactured from indigenous raw materials and its environmental benefits are many, the industry needs fair treatment. Or, at the very least, it should not be discriminated against, in favour of plastics.

■ GEORGE ALBERT

DEFENCE EXPENDITURE

Need for rationalisation

At his first press conference as prime minister, Vishwanath Pratap Singh had said that he was opposed to "wasteful defence spending". Several weeks later, when relations with Pakistan had dipped to a new low, such sentiments gave way to the incendiary rhetoric — "the nation should be psychologically prepared for war". Finally, the practical administrator in Singh seems to have taken over: last month the government chose former minister of state for defence, Arun Singh, to head a team of consultants to suggest ways of rationalising defence expenditure.

Singh, who declined the offer, would have had to deal with issues such as the rising pension bill, wasteful induction of costly imported weapon systems, inefficiency and mismanagement in domestic armament development programmes and the defence sector's virtual isolation from the rest of the economy which minimises civilian spin-off benefits.

A complicated issue. Clearly, economising defence spending is a complicated issue. In 1989-90, the Rajiv Gandhi government allotted the defence services Rs.13,000 crore, actually a whisker less than the 1988-89 figure of Rs.13,200 crore (substantially less, however, in real

Sophisticated defence apparatus: a drain on resources

terms). Nothing much happened, except that the navy reduced its sailings, the air force and army their aerial and land exercises, and all three scaled down maintenance activities. In order not to jeopardise modernisation programmes, the capital budget was actually raised by Rs.180 crore. But revenue expenditure was cut by Rs.380 crore, resulting in military hospitals suddenly running short of medicines. In fact, if the newly-elected National Front government had not sanctioned a supplementary grant of Rs.200 crore, the defence ministry would have been unable to pay the salaries of the services during the remaining three months of the 1989-90 fiscal year. Another Rs.300 crore had to be subsequently sanctioned to take care of DA payments.

Even if the defence ministry wanted to economise, its room for manoeuvre is limited. Reason: 40 per cent of the defence budget goes into payment of salaries, allowances and pensions, while another 30 to 35 per cent is accounted for by stores, R&D etc. Only the remaining 25 to 30 per cent is spent on capital equipment. Defence analysts point out that the problem is not the sheer size of the force, but the fact that the country has no policy for utilising the skills of retired defence personnel in suitable civilian services. The result is a whopping, recurring pension bill of Rs.1,100 crore a year.

Domestic armament acquisition and development programmes also appear to be plagued by inefficiency and mismanagement, as pointed out in a Comptroller and Auditor General (CAG) report tabled in Parliament last month. Cases in point are the cost and time overruns in projects involving each of the three services: the IAF's light transport aircraft (LTA) project, the acquisition of HDW submarines for the navy and the development of an indigenous main battle tank (MBT) for the army. The CAG has even indicted the ministry of defence for having "ignored" stipulated rules while sanctioning expenditure for the navy and the air force.

The defence outlay soared from Rs.7,136 crore in 1984-85 to Rs.13,641 crore in 1988-89. During this period the budgets of both the navy and the air force have more than doubled. According to the CAG report, an audit check revealed several cases where "planning was weak, monitoring was either irregular or inadequate, implementation was delayed and the intended benefits did not accrue at the appropriate time".

Considerable delay. Take the LTA project. There was a delay in identifying and selecting the aircraft. Also, Air Head quarters was unable to stipulate the exact number of aircraft it would need, even after launching the project and signing the contract as early as 1983. The initial estimated requirement was 50 aircraft, which was reduced to 41 in March 1987, raised to 45 within two months, and again reduced to 43 a couple of months later.

The production of HDW submarine also suffered on account of delays. India bought three such submarines from the Germans in 1981 and three more were to be built under licence at the Mazagaon Docks (MDL). Construction of the first submarine started in January 1984 and the second in September that year, wit the German shipyard having recommended a construction time of 4 months. By mid-1986 the lead time ha shot up to 81 months, and the submarines are now expected to be ready only i the current fiscal year. Meanwhile, th cost per submarine has shot up fro Rs.196.91 crore to Rs.334.06 crore.

The story of the army's main battl tank (MBT), 'Arjun', runs on simila lines. Production of the indigenous tan was to have begun in 1984, but because o changes in the army's qualitative requirements, the target date has been pushe back to 1992. Result: the original projec cost of Rs.15.5 crore in 1974 had climbed to Rs.280.8 crore by 1987. Production costs per tank have also shot u from the original Rs.25 lakh to Rs.3. crore at present. V.P. Singh's contentio that 'Arjun' was a research project and need not be on schedule notwithstanding the army top brass is believed to be unhappy on grounds of delay as well as quality.

Clearly, with such seemingly insurmountable obstacles to achieving economies in defence spending, the new committee has its work cut out for it.

■ RAJIV SHIRAL

EDUCATIONAL VIDEOS

Not quite fast forward

In all, about 250 of them have been made so far, covering subjects as diverse as cookery, sports, yoga and lessons for engineering students. Yet, few people are aware that educational videos are being made in India, perhaps because most video libraries are still reluctant to stock them.

If so, why are these films still being made? Narendra Panjwani, the maker of Telemagic — Happy Hour Units, explains, "I was dissatisfied with the quality of education given to school children. This is a feeling shared by many parents. I, therefore, thought of making a video film which would make learning more fun and essentially supplement classroom learning." Anil Karamchandani, who makes the Sharon Educational Series, was impressed by the talents of Rooshikumar Pandya, a professor in humanities at John Abbot College, Canada. So he made a 50-

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SWARAJ

Unaudited Financial Results for Six Months Ended 31st March, 1990. (Estimated)

(Rs. Lacs)

	6 Months ended		12 Months ended	
	31-3-90	31-3-89	31-3-90	31-3-89
Sales : Tractors (Nos.)	7921	6316	14338	12017
Combine Harvesters (Nos.)	81	44	132	82
Forklift Trucks (Nos.)	81	57	93	87
Sales & Other Income (Net of Excise)	8444	5885	14638	10835
Expenditure : Materials	6633	4632	11447	8363
Employees	467	391	874	749
Selling & Others	385	300	760	678
GROSS PROFIT BEFORE INTEREST	**959**	**562**	**1557**	**1045**
Interest	100	102	183	190
CASH PROFIT	**859**	**460**	**1374**	**855**
Depreciation including Write offs	133	82	229	165
NET PROFIT	**726**	**378**	**1145**	**690**
Taxation	250	220	400	300
PROFIT AFTER TAX	**476**	**158**	**745**	**390**

Ideas Inc.

minute video called *Successful Communication*, which featured the professor.

After the death of *Sportsweek*, publisher Khalid Ansari had wanted to make a sports video. This dream was realised by son, Sharique Ansari, with the launch of *Grand Stand*. Organisations like the Loss Prevention Association of India and World Wildlife Fund have also made films on safety and environment respectively.

The medium's message. Most educational cassettes are priced at Rs.150 and upwards depending on their length and production quality. In most of them, the central message has been creatively interwoven into the storyline to do which diverse techniques are used. Nilkanthi Patekar of Milhar Films has used both traditional animation and computer graphics to explain subjects like geometry, algebra and physics to tenth standard students. Drawings, symbols, mime and plain narrative have also been used. However, Ramesh Tekwani, a film maker for ISRO, says, "The quality of most of these films is not good enough for the people who can buy them, while most people can't because the prices are too high."

The general perception is that these cassettes don't sell. According to N.H. Athreya, an educator, editor of the monthly magazine *Management Ideas* and maker of the video film, *Applied Communications*, "If money is the only interest, this is the wrong medium to enter. This is not an economic proposition. It is a good proposition only for those who want to make a positive contribution to society." A disillusioned Panjwani counters this view. "Where is the money for a social cause? I invested Rs.10 lakh in the project and have been able to sell only around 2,500 cassettes so far. I see no way of recovering my money," he says.

On the other hand, video magazines like *Newstrack* and *Business Plus* are more lucrative propositions. Also, video films sponsored by the government are more promising business ventures. For instance, Jamia Milia Islamia makes films sponsored by the government and sells them to Doordarshan. Educational video cassettes being a new concept, their distribution and marketing have still not translated into significant sales. Most producers either market through agencies or sell directly to institutions, book shops, libraries, etc.

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Introduced by ANNE DIAMOND
What's Cooking!
Telemagic
Educational Video
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No significant sales yet for a new concept

Basically sound. Though learning from video cassettes is a concept which will take a fairly long time to develop, it is quite clear even at this stage that the idea is basically sound. To fully exploit the medium's potential, an in-depth market research to discover potential niches, an experienced full-time production team to make quality films and a parallel network to market the cassettes are required. Only then will the scenario for educational video cassettes change.

■

SHAMPA KAR

FANS

Winds of war

A brand war seems to be sweeping through the Rs.600 crore fan industry between two manufacturers — Khaitan and Usha. The first dark clouds appeared, in fact, at the height of summer when the Calcutta-based Khaitan India Ltd launched an advertising campaign claiming that unlike most manufacturers which got their fans made elsewhere and merely branded them with their labels, their fans were "100 per cent Khaitan", ie, made at their own factories. Says S.K. Wadhwa, executive director, Usha International, "Khaitan have a low market share and by indicting Usha they were trying to gain cheap popularity."

The MRTP Commission ordered the withdrawal of the advertisements. Industry sources indicated that someone had hired top-drawer lawyers to fight Khaitan at the MRTP hearings. The Bombay-based Advertising Standards Council of India (ASCI), in a letter dated 4 May, sought clarifications from HTA, the agency which released the campaign ads. HTA spokesman said that they had referred the entire matter to Khaitan and were awaiting the company's reply. The ASCI letter pointed out that Khaitan India had no installed capacity for the manufacture of fans and that according to its own balance sheet had "bought" 750,000 fans in 1988-89 and 608,000 fans in 1987-88 from other companies.

Same specifications. Khaitan's advertising manager, Avijit Banerjee, in his reply dated 15 May said, "All Khaitan fans are being manufactured following the same specifications in Khaitan plants. These are Khaitan Fans India Ltd, Khaitan Electricals Ltd, Khaitan Tibrewala Electricals Ltd and Khaitan Industrial Complex Ltd. These Khaitan factories neither brand nor manufacture fans other than Khaitan. Each fan, besides, bears the nameplate of the unit in which it was manufactured as do warranty cards and other promotional literature."

The market is dominated by Usha which has about 25 per cent of the Rs.1 crore fan market. It is followed by Orient with about 15 per cent of the market, and Crompton with about 12 per cent. Polar and Khaitan with around 11 per cent come close behind. There are other brands which have regional dominance. There also exists an unorganised sector with a Rs.15 lakh sales. Some giants of the

SWARAJ MAZDA LIMITED

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Unaudited Financial Results for Six Months Ended 31st March, 1990. (Estimated)

(Rs. Lacs)

	6 Months ended		12 Months/15 Months ended	
	31-3-90	31-3-89	31-3-90	31-3-89
Sales : Vehicles (Nos.)	1769	1903	3375	4005
Sales & Other Income (Net of Excise)	4521	4055	8387	8236
Expenditure : Materials	3699	3566	7057	7126
Employees	85	81	169	170
Selling & Others	318	211	547	570
GROSS PROFIT BEFORE INTEREST	**419**	**197**	**614**	**370**
Interest	208	148	352	332
CASH PROFIT	**211**	**49**	**262**	**38**
Depreciation including Write offs	68	73	140	170
NET PROFIT	**143**	**(-)24**	**122**	**(-)132**
Taxation	—	—	—	—
PROFIT AFTER TAX	**143**	**(-)24**	**122**	**(-)132**

(-) Indicates Loss

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Business India

Sale of fans: affected by enormous competition

yesteryears, like Rallis and GEC, have slipped and occupy lower rankings.

Anand Khaitan, the sales manager of the company, is of the opinion that in the case of Usha, more than 60 per cent of their fans were being manufactured by other companies and merely sold under the umbrella of Usha Sales. However Wadhwa counters that only 25 per cent of their total production is subcontracted, and not 60 per cent as alleged by Khaitan. According to industry sources, some of the subcontractors were Minar of Hyderabad, Pratap of Calcutta, Jaiswal of Noida and Lakshmi of Madras, of which some like Minar have sizeable local markets under their own flag. Industry insiders feel that Usha had closed down its Jay Engineering Works in Bansdroni near Calcutta to keep overheads low by "buying out" from other manufacturers. Wadhwa considers this a normal practice as all manufacturers of branded products — be it fans, shoes or shirts — buy from other producers and put their own brand on them. According to Wadhwa, what is important is that consumers should feel that they receive quality products and have recourse to after sales service. Crompton Greaves also have a part of their products made outside.

Falling sales. Industry sources indicate that the present war between Khaitan and Usha stems from the former's falling sales caused by a nagging quality problem and deteriorating dealer relations. According to the sources, Khaitan was spending up to two times the industry norm on advertising (the normal advertising expenditure is about 3-4 per cent of sales). Also it sought to restructure the product guarantee pattern which earned it criticism from dealers.

Anand Khaitan had a different story to tell. "The quality problem is history. We did have a technical defect in the Superstar model. However, the emphasis has been on quality and as a result, we are costlier than many others in the market. We also have offered a fair deal to our agents. We do not believe in underhand commissions and underpricing. This too has hurt our sales but our company policy has been that there should be no compromise for short term gains."

The fan market reflects the state of the economy. Production has grown from about 1 million fans annually in 1950 to 10 million at present. Khaitan said that the market had been "degrowing" over the last few years forcing manufacturers to subsidise dealer margins. "Competition has also increased enormously and with the growth of the small scale sector it has become very intense," says Y.S. Sarma, marketing manager (fan division) Crompton Greaves.

The unorganised sector of the market is very happy with the current controversy over the Khaitan advertisements. Said Gopal Ghosh, a cottage industry fan manufacturer in the Bansdroni area of Calcutta, "If buyers realise that they are paying so much extra just for a brand name created by large advertising budgets and that their fan is actually manufactured by some small outfit like ours, it will mean higher sales for us."

■ SUDIPT DUTTA with bureau reports

SWARAJ ENGINES LIMITED

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swaraj

Unaudited Financial Results for Six Months Ended 31st March, 1990. (Estimated)

(Rs. Lacs)

	6 Months/3 Months ended		12 Months/3 Months ended	
	31-3-90	31-3-89	31-3-90	31-3-89
Sales : Engines (Nos.)	3085	345	4901	345
Sales & Other Income (Net of Excise)	646.30	59.40	1004.40	59.40
Expenditure : Materials	519.80	53.90	822.40	53.90
Employees	22.40	6.80	39.10	6.80
Selling & Others	21.90	5.00	38.90	5.00
GROSS PROFIT BEFORE INTEREST	**82.20**	**(-)6.30**	**104.00**	**(-)6.30**
Interest	16.90	5.90	31.20	5.90
CASH PROFIT	**65.30**	**(-)12.20**	**72.80**	**(-)12.20**
Depreciation including Write offs	11.30	2.50	18.50	2.50
NET PROFIT	**54.00**	**(-)14.70**	**54.30**	**(-)14.70**
Taxation	8.40	—	8.40	—
PROFIT AFTER TAX	**45.60**	**(-)14.70**	**45.90**	**(-)14.70**
(-) Indicates Loss				

Note : *Financial results for previous accounting year represent three months of actual plant operations after the project set up stage.*

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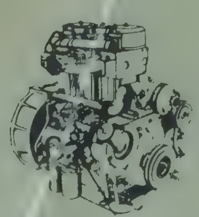

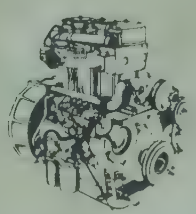

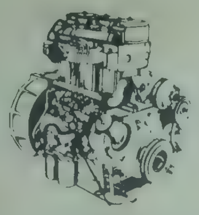

A-320s

Out on a limb

Three-and-a-half months after Indian Airlines' fleet of A-320s was grounded following the crash of IC-605 in Bangalore (see *Business India* 5 March 1990) the government last fortnight took the unprecedented decision to lease out the 14 grounded planes and to sell the other four that were to have been delivered by 13 March, but which it has decided not to induct. Global tenders inviting bids were floated early this month.

The decision certainly wasn't IA's. The union cabinet thrust it on the airline, since the grounding of the A-320 fleet was causing it a whopping Rs.2.5 crore loss per week. All indications clearly point to pilot error as the cause of the Bangalore crash, a fact which the inspector of accidents of the Directorate-General of Civil Aviation has confirmed. And yet, civil aviation minister Arif Mohammed Khan has stuck to his stance that the planes will not be flown until the court of inquiry headed by Justice Shivashankar Bhat submits its report. But since the 31 May deadline for the report has passed, and Justice Bhat has sought a two-month extension, it appeared that the planes would remain grounded indefinitely. Hence, the sale-cum-lease decision.

Mounting losses. But the damage has been done. Till mid February, 1990 Indian Airlines' net profit was approximately Rs.5 crore. In subsequent six weeks till end March, the grounding cost a loss of Rs.15 crore. So the net loss of 1989-90 will be in the region of Rs.10 crore. To date, this loss has mounted to nearly Rs.35 crore. Says one IA executive: "Our profits of several years have been wiped out and we are rapidly becoming a sick company. The government apparently wants to keep this controversy alive entirely for political reasons."

According to aviation experts, the original decision to hastily ground the planes was a "panic reaction" and patently wrong, more so as no specific defect has been detected in the aircraft, nor has any other airline in the world grounded the 'fly-by-wire' planes. In fact, the Ramdas Committee appointed to inquire into the state of preparedness of IA to induct the sophisticated aircraft has clearly stated that the A-320s were hastily inducted and IA was not equipped to handle such sophisticated aircraft. Aviation experts point out that the government has conveniently ignored these observations, and has concentrated instead on the sensational aspects of the A-320 deal in order to derive political mileage.

AIRBUS A320

A-320: victim of a "panic reaction"?

Instead of undoing the original mistake, say the experts, yet another is now being committed. Even though the Indian Commercial Pilots Association (ICPA) had, in the wake of the crash, asked its members to refuse to fly the planes until the court of inquiry had finalised its report, it has now reportedly expressed its willingness to fly the planes, though with an insistance that the government should first withdraw the order suspending A-320 operations. In spite of all this the government refuses to do so and the result is an impasse.

For IA the results of this deadlock have been quite disastrous. Since the grounding, the number of passengers carried daily has fallen by about one-third (from about 30,000 to 20,000), the system load factor has risen to abnormally high levels, the pilots are without work, and the foreign exchange invested in their training is going waste, as are the other infrastructural investments specifically necessitated by the induction of these new generation planes. Next year, when the airline starts repaying the loan it took for financing the deal, it faces the prospect of an empty kitty.

Short period. And it's not as though foreign airlines are eager to lap up the planes IA wants to ditch. Some have already placed orders with Airbus Industrie, the manufacturer of the A-320s, but few have the trained pilots needed to fly the planes even if they were to be made available today. Besides, says an IA executive, "the six months lease for which the planes are being offered is too short and not many carriers will be interested."

Meanwhile, IA itself has plans to acquire aircraft on lease to beat the shortage of seats. The government has permitted it to acquire ten planes and it is on the look-out for Boeing 737s and Airbus A-300s, since these are the only types of aircraft for which it has trained pilots and engineers. However, airline executives anticipate difficulties in securing so many aircraft, since surplus planes are hard to find. Last year, Airbus Industrie was to have secured 12 aircraft on lease for IA, but finally managed to secure only six. As matters stand, the domestic carrier may end up with Soviet TU-105 and IL-62 planes on a "wet lease" (ie a situation wherein the pilots and engineers come along with the aircraft, made necessary by the fact that Indians are unfamiliar with Soviet civilian aircraft).

And so, with the report of the court of inquiry into the Bangalore crash nowhere in sight, and with no prospect of the A-320s flying the Indian skies, a solution to IA's continuing nightmare seems very distant indeed.

■ RAJIV SHIRALI

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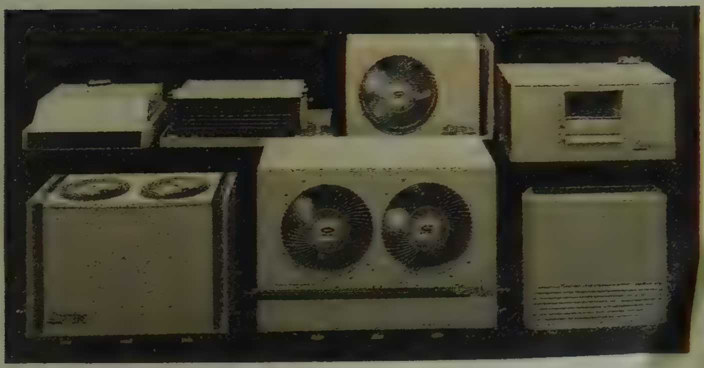

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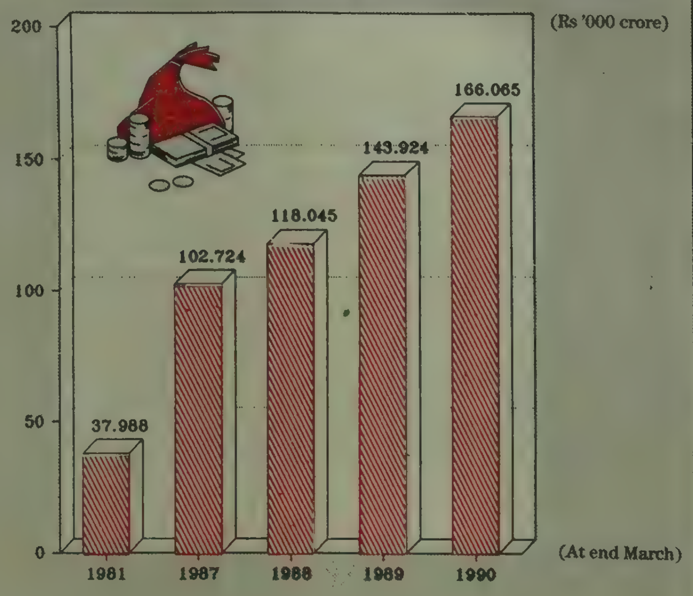
Aggregate deposits — scheduled commercial banks:



Aggregate deposits have risen four-fold in the last decade. This phenomenal increase is largely due to a sharp rise in money supply, which in recent years has been growing at around 16-17 per cent per annum. Time deposits account for approximately 80 per cent of total deposits, the balance being demand deposits.

Wholesale price index: The wholesale price index for all commodities is marginally up by 0.8 per cent in the month upto 12 May 1990. However, in the case of primary articles the index is up by a whopping 2.1 per cent, which incidentally is the highest increase in recent months.

	12 May 90	14 April 90	13 May 89	% change over month	year
All commodities	173.6	172.2	160.2	0.8	8.3
Primary articles	173.0	169.4	158.6	2.1	9.0
Manufactured products	175.5	175.3	162.0	0.1	8.3
(1980-81 = 100)					

Consumer price index: The March index for industrial workers was 1.1 per cent and 6.6 per cent higher than a month and year ago respectively. This is the second consecutive month the index has risen. The index for urban non-manual workers which had been stable at 147 in January and February has increased by 1.3 per cent in March.

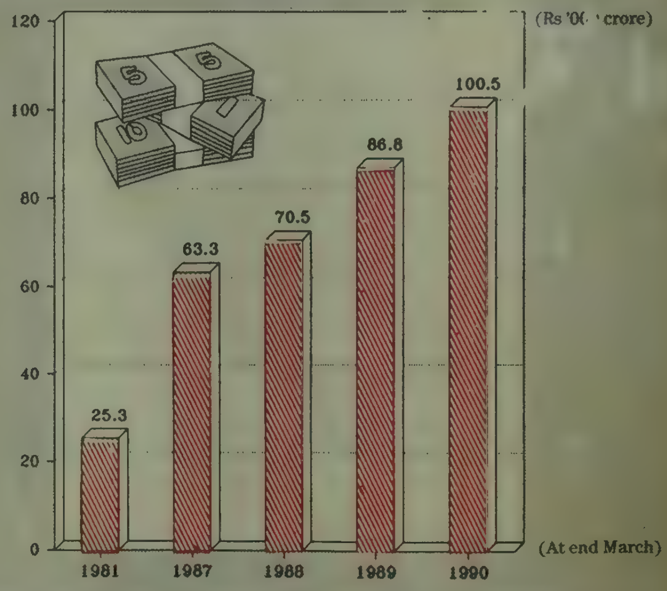
	March 90	Feb. 90	March 89	% change over month	year
Industrial workers (1982 = 100)	177	175	166	1.1	6.6
Urban non-manual workers (1984-85 = 100)	149	147	138	1.3	7.9

Bullion prices and stockmarket index: The price of gold has declined by Rs.170. This is due to an easing of the supply situation in recent weeks. The price of silver has been relatively stable at around Rs.6,600. The Bombay Stock Exchange index was up 3.0 per cent thanks to some encouraging corporate results.

	2 June 90	3 May 90	2 June 89	% change over month	year
Gold (Bombay)	3,340	3,510	3,085	− 4.8	8.2
Silver (Bombay)	6,662	6,674	6,736	− 0.1	− 1.0
BSE Index (1979-80 = 100)	799.50	776.11	724.04	3.0	10.4

Price of gold is in rupees per 10 gm and silver in rupees per kg.

Bank credit — scheduled commercial banks:



The sharp increase in bank deposits has led to an increase in bank credits which crossed Rs.100,000 crore in 1990. In March 1990 the credit deposit ratio was 60.54, about the same as in the corresponding period last year. However, there has been a slight decline in the cash deposit and investment deposit ratios this year, to 15.11 and 38.75 respectively. Food credit which was Rs.769 crore last year (end-March) is around Rs.2000 crore this year.

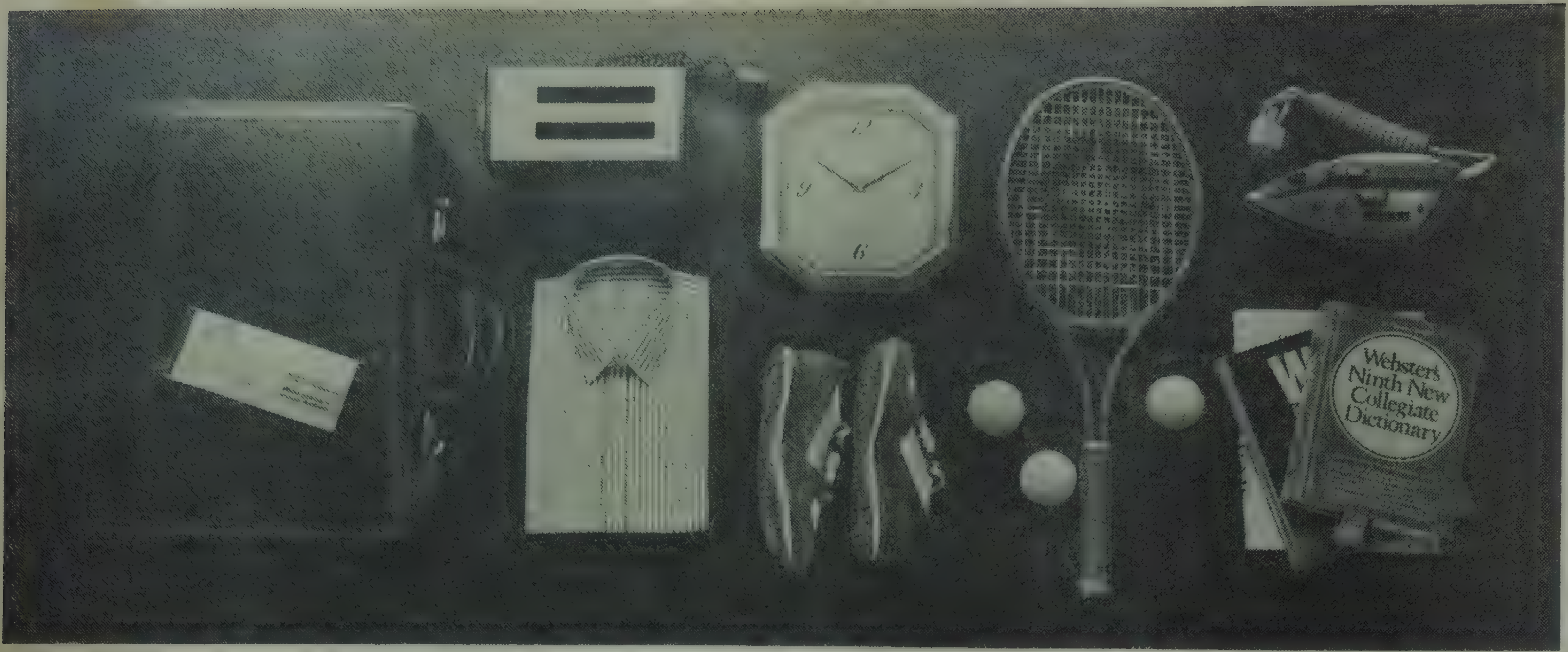
Money and banking (scheduled commercial banks): Broadmoney has increased by Rs.1,434 crore in the month up to 18 May 1990. Aggregate deposits, have however dipped marginally. There has been a sharp increase in food credit by 72.8 per cent to Rs.3,183 crore. This is due to the increase in food procurement in recent months.

	18 May 90	20 April 90	19 May 89	% change over month	year
Broadmoney (M3)	2,36,578	2,35,144	1,98,359	0.6	19.2
Aggregate deposits	1,70,070	1,70,798	1,43,638	− 0.4	18.4
Bank credit	1,04,363	1,04,069	87,651	0.2	19.0
Food credit	3,183	1,842	1,265	72.8	151.6
Credit/deposit ratio	61.37	60.93	61.02	0.7	0.5

Industrial production and infrastructure: The industrial production index is down by 4.1 per cent in February 1990 over the previous month. This is due to a steep decline in the production of crude oil (−8.7), coal (−4.3), steel (−10.1) and cement (−7.1) in the month of February. However, there has been a sharp increase in crude oil production by 9.7 per cent over.

	Latest month	Previous month	Year ago	% change over month	year
Industrial production (1980-81 = 100)	206.3(2)	215.3	185.6	− 4.1	11.1
Railway freight ('000 tonnes)	26.50(2)	28.63	25.1	− 7.4	5.5
Crude oil production ('000 tonnes)	2934(4)	2674	2780	9.7	5.5
Power generation (non units per day)	710(4)	731	648.6	− 2.8	9.4
Coal production (lakh tonnes per day)	6.91(2)	6.53	6.97	5.8	− 0.86
Steel production ('000 tonnes)	701.0(4)	769.8	635.6	− 8.9	10.2
Cement production ('000 tonnes)	3921(4)	3785	3740	3.5	4.8

Figures in bracket indicate month.



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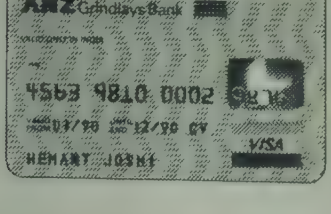

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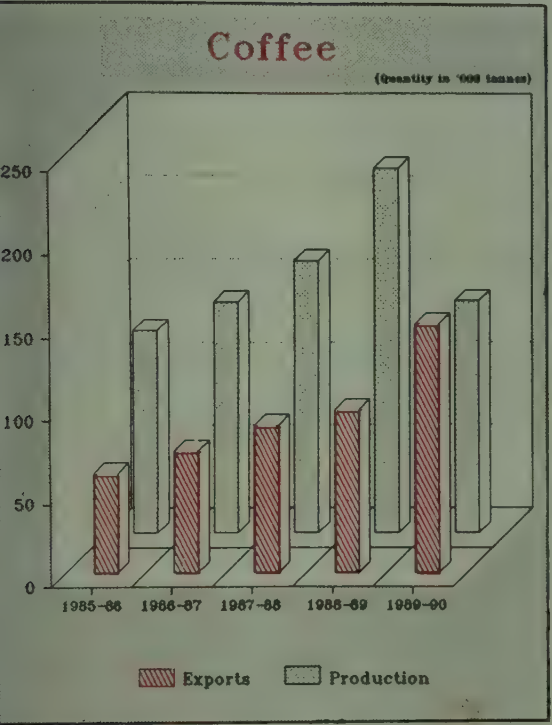
Coffee: scope for more exports



The year 1989-90 has not been very encouraging for the coffee industry. On the domestic front, production has dropped by a hefty 35 per cent over last year. On the global front, the International Coffee Organisation (ICO) quota system collapsed in July 1989, making it a free for all.

Production of coffee in India has been cyclical because of the nature of the crop. In 1988-89 there was a record crop of 217,000 tonnes, while in 1989-90 it was only around 140,000 tonnes, a drop of 35 per cent. But if one looks at the long term trend, then over the years production has increased albeit slowly. For instance, the output in 1970-71 was only 71,400 tonnes, which touched an all time high last year but has since declined. However, the average production has been around 140,000 to 160,000 tonnes.

Indian coffee accounts for about three per cent of world production. And ranks fourth in the world preceded by Brazil, Colombia and Indonesia. Karnataka, Kerala and Tamil Nadu are the main coffee growing states in India with an area under cultivation of 1,28,000 hectares, 66,000 hectares and 33,000 hectares respectively. Totally, these three states employ around 3,74,000 people.

Consumption stagnates

On an average, the developing countries consume about 25-30 per cent of their total production. This is about the same in India. Consumption, over the years, has stagnated at around 50,000 tonnes of which one state (Tamil Nadu) accounts for 50 per cent. Two other southern states, Kerala and Andhra Pradesh, are also large consumers of coffee. However, in the northern states instant coffee is becoming increasingly popular.

Coffee is one of the major foreign exchange earners of the country. According to the Coffee Board, exports in 1989-90 touched a record high of 150,000 tonnes — seven per cent more than last year. In value terms exports would fetch around Rs.351 crore which is short of the target of Rs.400 crore set for 1989-90. However, it is still higher than Rs.337.6 crore.

India has done relatively well on the export front and has now emerged as one of the top ten exporters in the world. However, Brazil, Colombia and Indonesia together account for about 50 per cent of world exports.

Large importers

The US is the largest buyer of Indian coffee in the hard currency area accounting for nearly 15 per cent, followed by Japan (8 per cent). West Germany, Italy and Yugoslavia also import substantial quantities of Indian coffee. However, the Soviet Union is the largest buyer in the rupee trade area accounting for nearly 30 per cent of total exports.

Despite a bad crop this year, Commerce ministry sources maintain that all commitments to the domestic and the export markets will be met. And there will be no import of coffee to tide over the lean season.

However, the situation in 1990-91 is expected to ease considerably, because a good crop of around 220,000 tonnes is expected. Given the foreign exchange crunch and the adverse balance of payments situation, the need to produce and export more coffee over the years will be critical.

Even though Indian productivity is high and ranks third after Costa Rica and El Salvador at around 773 kg per hectare, there is still great scope for improvement. The Coffee Board also feels that India could export instant coffee produced from lower grade aromatics. Exports of instant coffee have doubled from a level of 2,060 tonnes in 1988 to an estimated 4,300 tonnes valued at Rs.32 crore. The government has realised the need to give greater assistance to this sector and has made some positive changes in the new export-import policy.

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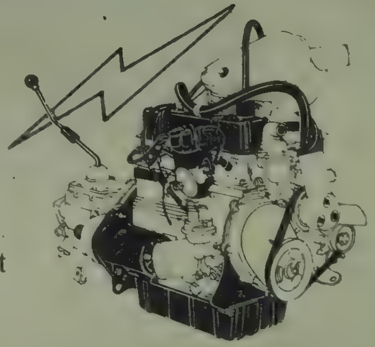

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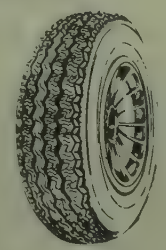
MONTANA is a perfect performer



The backbone of this tough car is a solid steel box section chassis with dual wish-bone suspension. Its coil springs and shock absorbers make smooth work of rough roads taking you over the beaten track with ease.

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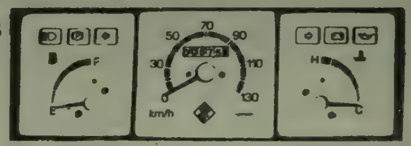

The interior comforts of MONTANA is ideal for hours of happy motoring all year around.

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Want a house?

In New Delhi's world of mandarins, where senior officials are a dime a dozen, a director in a ministry is at best equivalent to a middle banking officer. But when Subodh Kumar, a Maharashtra cadre IAS officer, was appointed director of estates, in the ministry of urban development last fortnight, the news figured prominently in at least one national daily.

This seems rather surprising, but in actuality it is not. For Subodh Kumar will be responsible for the allotment of type 5 flats and other higher categories of houses meant for senior government officers and ministers. Obviously, this piece of news is just a notice to those interested in getting accommodation that this is the person they should make a beeline for.

Selecting a satrap

Do retired cabinet secretaries make good governors? Not in trouble prone states, it appears. This decade has already seen two former cabinet secretaries quitting their posts as governor of Punjab. The first casualty was B.D. Pande and the latest is Nirmal Mukerji who resigned just last fortnight.

The current favourite for the position is yet another former cabinet secretary, P.K. Kaul. One does not know how Kaul will fare but the only difference between him and his civil servant predecessors in Punjab seems that while he hailed from the Indian Administrative Service, both Pande and Mukerji belonged to the Indian Civil Service.

Pande: kingmaker of sorts

Why Kaul is being suggested as governor is not known, but many find it surprising because his forte seems to be economic affairs. Even in his last assignment as ambassador to the US, Kaul could hardly have picked up the art of governing a terror ridden state.

But with Vinod Pande, reigning cabinet secretary, one of the most powerful men in the country today, retired government officials are a favoured lot. This is probably working in favour of Kaul. As is already, known, former RAW chief, Gary Saxena was only recently appointed governor of Jammu and Kashmir, another problem state.

Oriyan invasion

One has often heard of cliques organised by UP Bramhin, Bengali and Tamil bureaucrats at the Centre. Stand by for the latest addition to this power packed list: that of officers belonging to the Orissa cadre. We already know how a record number of five Lok Sabha MPs from Orissa have found a berth in the union ministry. Add speaker Rabi Ray to the list and you have further proof of the sudden emergence of this backward and largely ignored state as a force to reckon with.

While the ministers have caught media attention, Orissa cadre bureaucrats too have quietly been acquiring clout and an increasing say in decision making. Those already at the Centre have suddenly become powerful, while many have been shifted from Bhubaneswar to Delhi to man key posts.

Surprisingly, these bureaucrats are concentrated in the ministry of finance, the department of company affairs and Udyog Bhavan. Particularly Udyog Bhavan, after Shrikant Jena was made a state minister for industry. (In fact, there is a joke going around in the capital nowadays that many bureaucrats have been begun learning Oriya in earnest.) Some of the more powerful amongst the Orissa functionaries are a joint secretary in charge of mines, an additional secretary in the finance ministry, another additional secretary in the department of company affairs and the resident commissioner of Orissa in Delhi.

With ministers keen on getting their own bureaucrats from the state, it is almost certain that there will be an added influx from Bhubaneswar. And, some of the names, which favour seekers in the corporate sector would like to bear in mind are Surendra Mishra, Sobhan Kanungo, Nilamadhab Mohanty, P.C. Hota, M.P. Modi, Sudhansu Misra, Nautyal and Ramakant Rath. Yet another officer, Satyananda Misra (of the MP cadre) who is currently at the London School of Economics, is to come back to a powerful assignment either in the industry or in the finance ministry.

Maneka fights back

You may call it open politicking. Or just a heightened interest in her pet subject.

Maneka: garnering support

Minister of state for environment Maneka Gandhi has formed a group in parliament called 'MPs for environment'. Some 40 members, cutting across party lines, have formed this group to lend the Minister support.

She might well need this, for there have been reports of a battle royal between her and her new boss, union minister Nilamany Routray, who was recently shifted from health to environment. Routray has taken away most of the major portfolios she was handling, leaving her, as one bureaucrat put it, with just the Delhi zoo.

But Maneka seems determined to fight back. Apart from forming a 'ginger group' of MPs, pouring in. She is doing her utmost to get the PM's office to support her in her tussle with Routray.

■

JAY KUMAR

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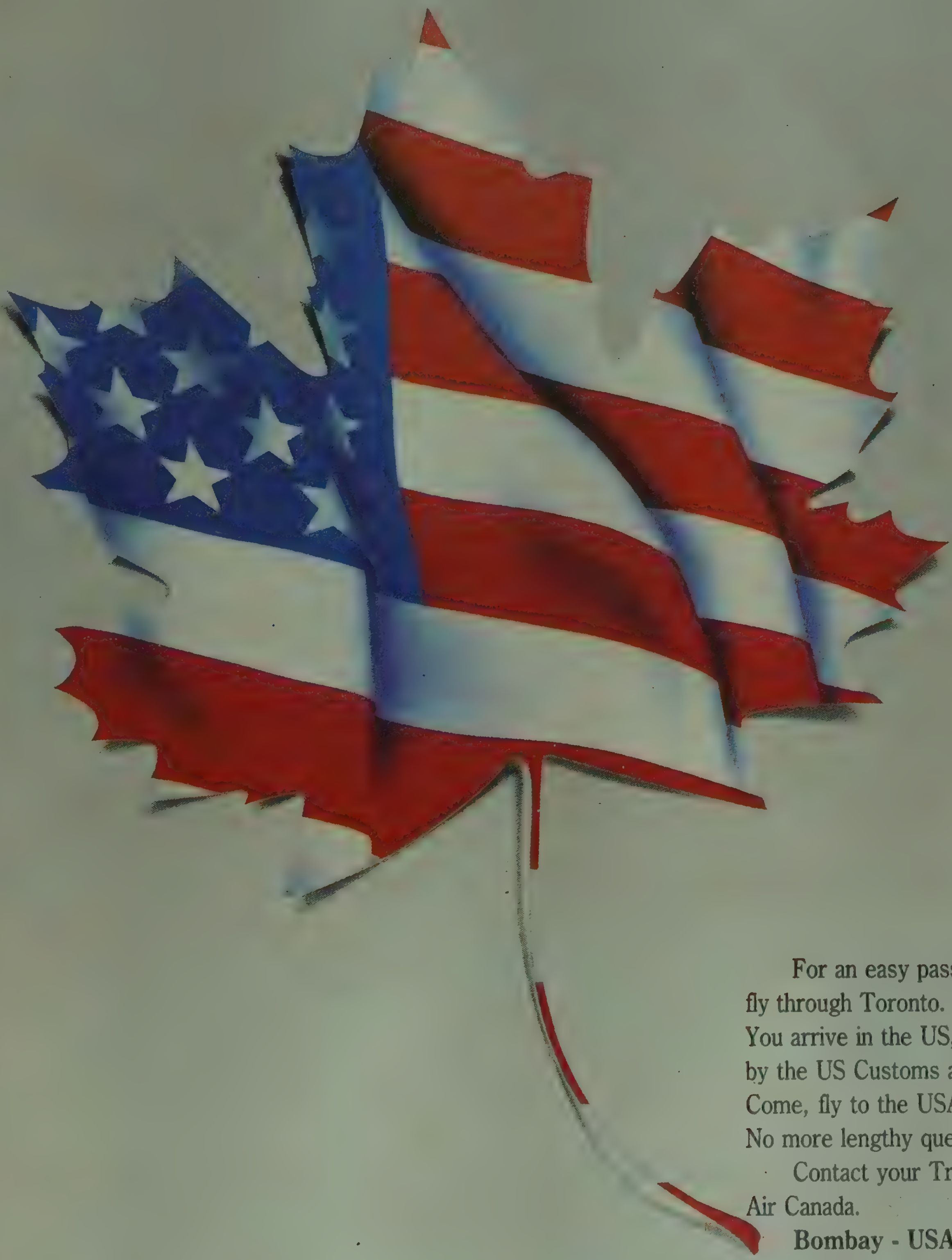

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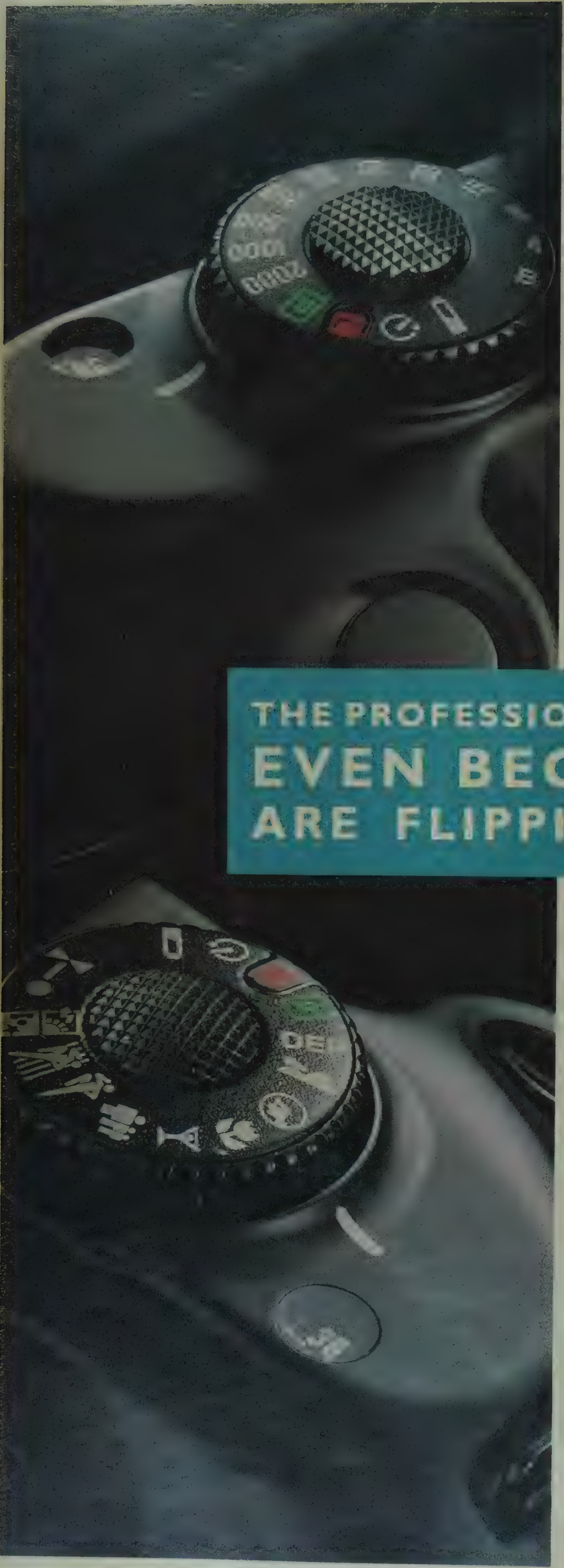

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PUBLIC SECTOR CHIEFS

Playthings of politicans

V. Krishnamurthy has quit the Steel Authority of India Ltd. Acclaimed in India and abroad as one of the most successful chief executives (CEs) of a public enterprise (PE), he turned around a white elephant, with its huge accumulated losses. His departure from the public sector, after a record of proven performances in BHEL, Maruti and SAIL, ought to have been an occasion to acknowledge his contribution. Instead he left SAIL under a cloud of suspicion and vague allegations of corruption. Unfortunately, such exits have become a salient feature of public sector culture.

Public sector CEs are often treated shabbily by politicians and civil servants. Memoranda of understanding — which are worth only the cost of the paper on which they are written — can never repair the damage being done by ministers and administrators, who make heads of public undertakings dance to their tune. It has become difficult for public sector managers (PSMs) to function with self-respect and confidence, especially when continuance in their posts is dependent on the fancies and foibles of others. "I represent the government and I am the leader of the people. You are a mere manager to carry out my wishes," appears to be the politician's attitude. And CEs have meekly accepted this claim in return for job security and the status they have as heads of their companies.

Bizarre experience

In SAIL itself, many chairmen and MDs have left after humiliating experiences. But no one — within or outside the organisation — has sympathised with them. A brilliant chief executive, who had contributed a great deal to public sector, had a bizarre experience. One morning, when he went to his office he found, to his consternation, a complete stranger sitting in his chair. When he asked the stranger who he was, the reply was that he was the new chairman. Stunned, the ousted CE retreated quickly, only to be stopped by the security guard who wanted to check his briefcase.

Many heads of various other organisations have been given marching orders without any sense of decorum or decency. Some join the private sector as they have still many years of productive life left. There are, of course, instances where private sector positions are offered to public sector chiefs in return for favours received earlier. While it is true that some CEs have misused their position, this cannot justify the general attitude towards them.

When the head of a PE leaves, an internal incumbent takes over as an interim arrangement. Senior managers dare not even suggest a formal send-off for fear of offending the higher-ups. There is neither a spirit of camaraderie in evidence, nor any sympathy shown to the CE who is out of favour. In fact, some managers rejoice when their senior colleagues are pushed out. Often the reaction is, "He should have been sent off earlier. I can't understand why it took so long."

Study in contrast

Naturally, public sector CEs enjoy neither job security nor public esteem. In the US, from where Indian managers derive their inspiration, such humiliating treatment is practically unheard of. Besides, right here in India, most leading private sector companies — ITC, ICI, Hindustan Lever and Tatas — treat their chairmen and MDs with respect long after they have retired. In Brooke Bond, for example, senior executives continue to be on the board after retirement.

A.N. Haksar and A.L. Mudaliar are chairman emeritus of their respective companies and are still held in esteem and consulted. Top Tata executives continue for long years as advisors, strengthening the organisation. In stark contrast former public sector CEs are not even invited to visit the plants built by them with dedication and hard work, let alone being consulted on any matter. Besides, successor CEs invariably change everything their predecessors have done (BHEL may be an exception).

In the private sector, successors are nominated long before the incumbent leaves. In PEs, however, numerous positions are kept vacant for periods of up to six months or more often resulting in intrigues and lobbying. Aspirants shuffle through the corridors of power in Delhi, waiting for the minister's *darshan*. Large and important companies are left without CEs for long periods. STC and many other PEs never had any continuity of chairmanship. IFFCO had a politician as a part time chairman.

How can PEs perform under such conditions? How can senior managers give off their best to CEs when their future is always uncertain? When political considerations predominate, merit can hardly find a place. When a government changes, PE heads are also changed in order to make room for the favourites of the new regime. The powers that be, do not seem in the least concerned, that in management, continuity is of great importance.

> **One morning, when a brilliant chief executive went to his office he found a complete stranger sitting in his chair... he was the new chairman. Stunned, the ousted CE retreated quickly**

Presiding over a conference of public CEs, Morarji Desai, the then prime minister, had the temerity to declare, "Heads will roll, if you don't perform." There was a stunned silence in the Asoka Hotel hall, where the conference was held, but not even a whimper of protest. In fact, the secretary general of the conference apologised to the PM for their past mistakes and also pleaded that they be forgiven for future mistakes as well! Would any politician dare speak in this manner to members of the IAS? Not at all. On the contrary, they are known to address IAS officers respectfully as "secretary Saheb".

It is high time that public sector managers start a "self-respect movement", as was done in Tamil Nadu by E.V. Ramaswamy Naicker. Such a move is more in the interest of the performance of PEs rather than of PSMs. The position of CEs has to be strengthened by giving them security of tenure. India has invested Rs.80,000 crore in PEs. By scorning or insulting CEs the nation is the loser. It is high time that the government realises the worth of both PEs and their chief executives.

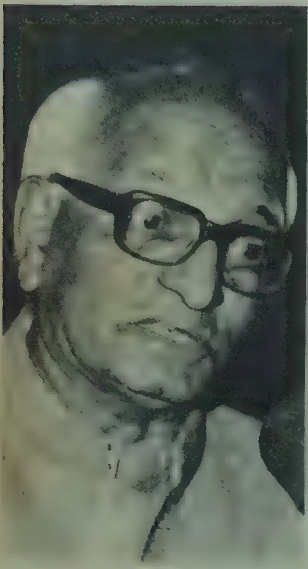
■ N.S. RAMASWAMY

The author is one of the founders and a former director of the Indian Institute of Management, Bangalore. Earlier he was a director of NITIE, Bombay

NEW INDUSTRIAL POLICY

Controlled decontrol

Ajit Singh's new industrial policy reflects the various pressures that influence the government. Though it is aimed at greater liberalisation, the net result is a disquieting jumble of objectives



Dandavate: not happy with the policy?

Almost surreptitiously, in the evening of 31 May, the Janata Dal government's new industrial policy was tabled in the Lok Sabha by industry minister Ajit Singh, just hours before the Lok Sabha session was to end. The presentation of the policy, nearly six months after the National Front government came to power, ended weeks of behind-the-scenes drama, which culminated in a five-hour wrangle between three cabinet ministers before a somewhat truncated policy was passed.

The two cabinet meetings held earlier on this subject were marked by spirited exchanges, bringing into sharp focus the diverse pressures exerted on the minority government. The differences within the cabinet appear to have their source in the differing perceptions of the members. While some of them wanted the policy to be "people-oriented", others wanted to push forward with the process of liberalisation.

Whether the economic liberalisation promised in the National Front manifesto could be carried out in context of the "empty coffers" that the government had inherited was also debated. The first draft of the policy had been prepared weeks ago by Udyog Bhavan but was modified by finance minister Madhu Dandavate, who is believed to have given it a socialist slant.

Nehru: lobbied for wider liberalisations

Politically motivated

The next draft was rejected by commerce minister Arun Nehru, energy minister Arif Mohammed Khan and textiles minister Sharad Yadav on the ground that it jeopardised or did not further their own policy ideas on liberalisation of matters in their charge. Deputy prime minister Devi Lal was also opposed to it, but his opposition was viewed more as politically motivated than the result of a differing economic perception. Devi Lal had apparently turned it down even earlier for not being "rural enough".

Every point was hotly debated and fought over at the cabinet meet on 30 May, though Devi Lal, Arun Nehru and Sharad Yadav were absent. Earlier, Arun Nehru and Arif Mohammed Khan had lobbied for liberalisations which would benefit all companies. They argued that MRTP and FERA had lost their significance. A demand was also made for the announcement of the privatisation of road-building, power and telecommunications when the policy was presented to Parliament, only to be vetoed by a cabinet minister who thought these subjects needed to be debated more thoroughly.

Earlier, a cabinet meeting was held on Monday, 28 May, to which all the members of the committee on trade and investment were invited. But the issues were deferred till Wednesday. Of the committee members, comprising prime minister V.P. Singh, Devi Lal, Madhu Dandavate, Arun Nehru, foreign minister I.K. Gujral, industry minister Ajit Singh and Sharad Yadav, "only Ajit Singh was happy with the policy because he had finally got it off his chest," laughed a senior bureaucrat in Udyog Bhavan.

Even while the cabinet considered the policy, the parties supporting the government applied pressure. The left did not want more sops to foreign investors, foreign companies and large business houses. The Bharatiya Janata Party is believed to have kept away from lobbying mainly because of internal disagreements. However, all the cabinet ministers that *Business India* spoke to deny that there was pressure from either the left or the right, although Dandavate admitted that the policy was modified several times. "Naturally, any draft has to be reviewed," he said, "every suggestion has to be considered. Sometimes even the minority may be right." Prime minister V.P.Singh said: "Yes. The policy was changed. Why should we give in to pressures from monopolistic houses?"

Supremacy of the cabinet

Observers in Delhi point out that an important indication emerged from the wrangling that marked the formulation of the policy — a return to the supremacy of the cabinet. In the Rajiv Gandhi government, most major policy initiatives were taken in the prime minister's office and the cabinet merely rubber-stamped them.

The policy that was finally presented to Parliament was a considerably watered-down version of the original draft prepared by the industry ministry. The version that was finally approved did not address MRTP and FERA companies, while the draft apparently did. And to gloss over this lacuna, Ajit Singh told members of the press on 1 June that the exercise was neither comprehensive nor complete and more could be expected (*see interview*).

The most publicised section of the new policy is the exemption accorded to all new units, with an investment of up to Rs.25 crore in fixed assets in non-backward areas and up to Rs.75 crore in centrally notified backward areas, from the requirement of obtaining a licence registration.

Said an Udyog Bhavan official, "The purpose of this is to rid the process of industrial investment of delays which are endemic to our bureaucratic clearance system. We expect that 60-65 per cent of all intended investments will not require any clearance from the central government."

Ajit Singh's comment on this stipulation was: "This expectation is based on analyses of different kinds of industrial approvals which are required from the government. In 1989, about 1,200 letters of intent (LOI), 1,200 delicensed registrations and about 920 registrations under the EIR scheme were issued by the secretariat of industrial approvals. In addition, 386 Directorate General of Technical Development (DGTD) registrations were also issued, making for a total of about 3,700. Almost 90 per cent of these LOIs and registrations fall within the specified investment limits of Rs.25 crore in non-backward areas and Rs.75 crore in backward areas."

A chorus of cheers

Expectedly, this measure has drawn a chorus of cheers from industry. A Confederation of Engineering Industry spokesman said, "We are particularly appreciative of this measure which removes the plethora of bureaucratic controls, interferences and massive paperwork. An enormous amount of man-days are wasted due to procedural delays and the multiplicity of clearances."

Amarnath Varma, secretary, industries, follows a line of reasoning similar to that of Ajit Singh. "We expect this policy to throw up a lot of entrepreneurs, which is one of the intentions. For the specified investment limits, there will hardly be any hassles and administrative procedures. They won't require any permission. They just have to acquire land, power and water and get going. I think this will speed up investment and also dispersals." R.V. Kanoria, managing director, Kanoria Alkalies and Chemicals, said: "Delicensing is good. Those entrepreneurs who were not privileged enough to wrangle a licence can now set up units."

But behind the cheer, some doubts persist. Delhi-based industrialist Vidyanidhi Dalmia said, "What we have now is a policy paper which is a statement of intents. Only after the notifications are issued and the procedure laid down for setting up units is made clear will it be possible to comment on the actual number of deregulations." The policy does appear to be a panacea, as many have made it out to be, but there are those who wonder to what extent it will be implemented. Ajay Mathur, managing director, Sumeet Machines, looks at the policy as a desirable change but is doubtful about the commitment of the industry ministry. "It is a ray of hope, but judging from past trends, the policy will only be a step forward if implementation takes place. And I don't trust the government."

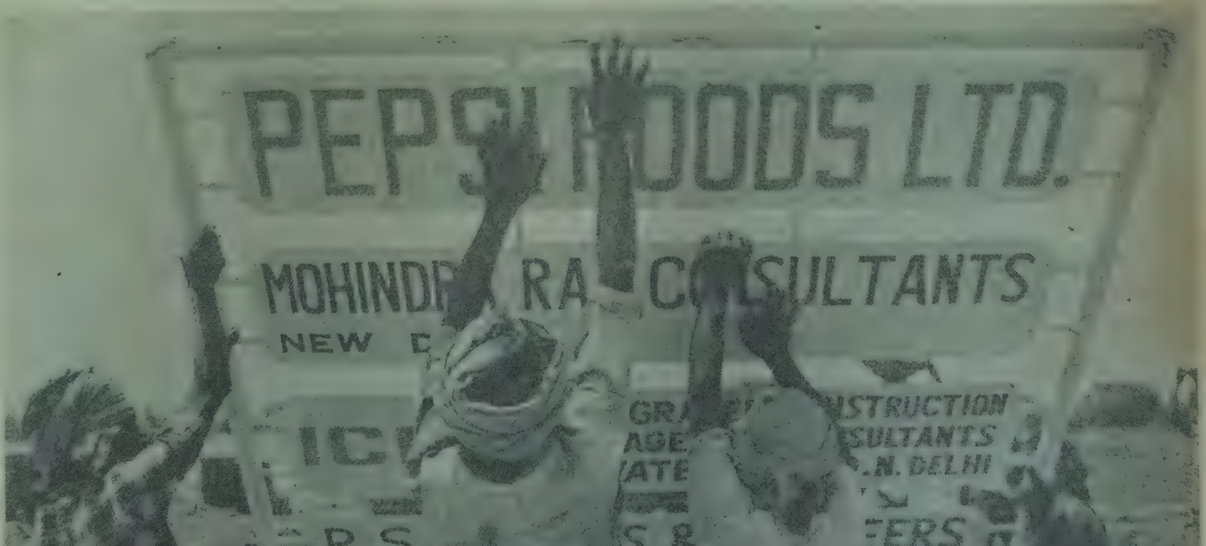
T.K. Bhaumik, assistant secretary general of the PHD Chamber warns, "One result of the deregulation will be that the middle sector will now get onto a fast track. This is fine, but there might be an investment rush towards areas which are perceived to be profitable. As such a rush often leads to a disappointment, widespread sickness in the middle sector could emerge."

Foreign investment

Meanwhile, sources reveal that Udyog Bhavan is working overtime to finalise notifications relating to the kind of registrations foreign investments require, the minimum economic size for such investment projects and other details relating to broadbanding.

Probably the most striking feature of the new policy is that it allows foreign investment of up to 40 per cent of equity in a company on an automatic basis, subject to the condition that the landed value of imported capital goods does not exceed 30 per cent of the value of plant and machinery. Though the policy does not contain one, Udyog Bhavan says there will be a "negative list" of industries for which this liberalisation will not be applicable. According to sources, this

Ajit Singh: beginning a process of change



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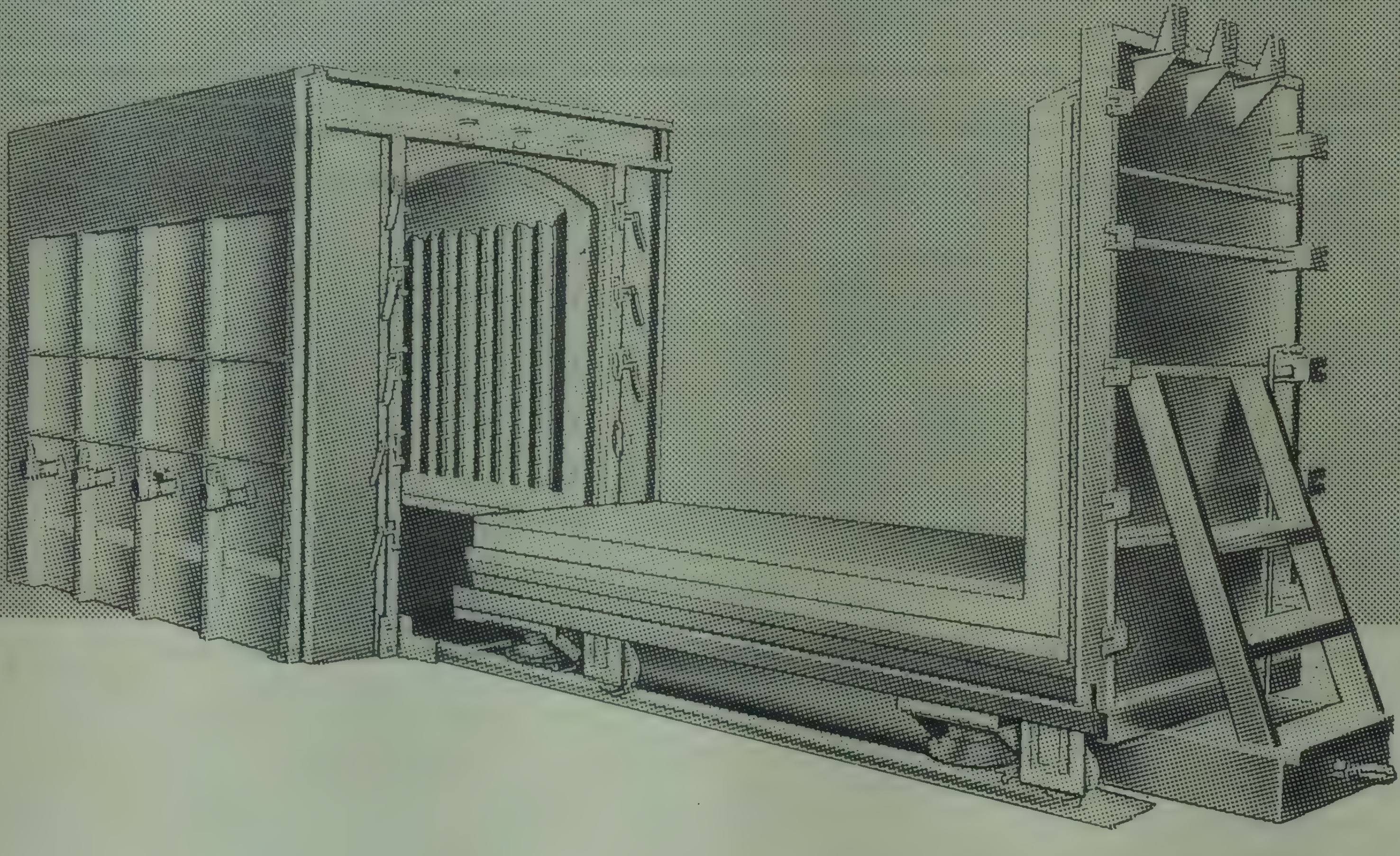

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list will contain environmentally hazardous low technology industries which cater to ostentatious consumption, and items in the barred list of SSIs.

Says B.P. Gunaji, secretary general, ASSOCHAM, "This is a welcome step. An offshoot of this will be that for less than 40 per cent equity, export obligations and phased manufacturing programmes for indigenisation cannot be insisted upon. These have irked many foreign investors." This could, in fact, lead to the submission of fresh applications by many foreign companies whose project proposals have been bogged down by disputes over export obligations.

But Dalmia says, "Since automatic clearance is given only to capital goods of up to 30 per cent of the value of plant and machinery, it might lead to a catch-22 situation in that nothing reasonable would get automatically cleared."

V.P. Singh: "no giving in to pressures from monopolistic houses?"

Simplifying imports

Foreign technology import procedures have been simplified. Entrepreneurs will henceforth be able to conclude collaboration agreements without any reference to the government, provided that royalty payment does not exceed 5 per cent on domestic sales and 8 per cent on exports. If however, lumpsum payments are involved, a proposal will require government clearance but "a decision will be communicated to the entrepreneur within a period of 30 days." Ajit Singh asserts that his government will ensure that the 30-day limit is adhered to and that legislative provisions to this effect could be enacted if necessary.

But scepticism remains. Says B.P. Gunaji, "It would have made more sense if the government had decreed that at the end of 30 days, in the absence of a decision, the applicant could automatically assume that permission had been granted. And the 5 per cent royalty allowed to be paid fetches you only second grade technology, especially since there is a 34 per cent tax on these payments."

Says P. Balakrishna, a foreign investment consultant, "The industry minister seems to have gone far. Since most foreign collaborations usually entail a royalty of less than 5 per cent — in fact 3 per cent on an average — many such agreements will now be concluded. But the limit of 40 per cent on foreign holding has not been raised to 51 per cent as has been demanded by multinationals. I don't understand this mental block the Indian government has." Udyog Bhavan maintains that the limit will apply only to a list of specific industries. But it is believed that this list will be quite long when it is finally prepared.

"Liberalisation in foreign tie-ups is welcome," says A.C. Shah, chairman and managing director, Bank of Baroda. "Our balance of payment is already low. And internationally only two countries are in surplus. Capital will flow to those countries which have better managements and markets. And our economy and the government are strong enough to resist exploitation."

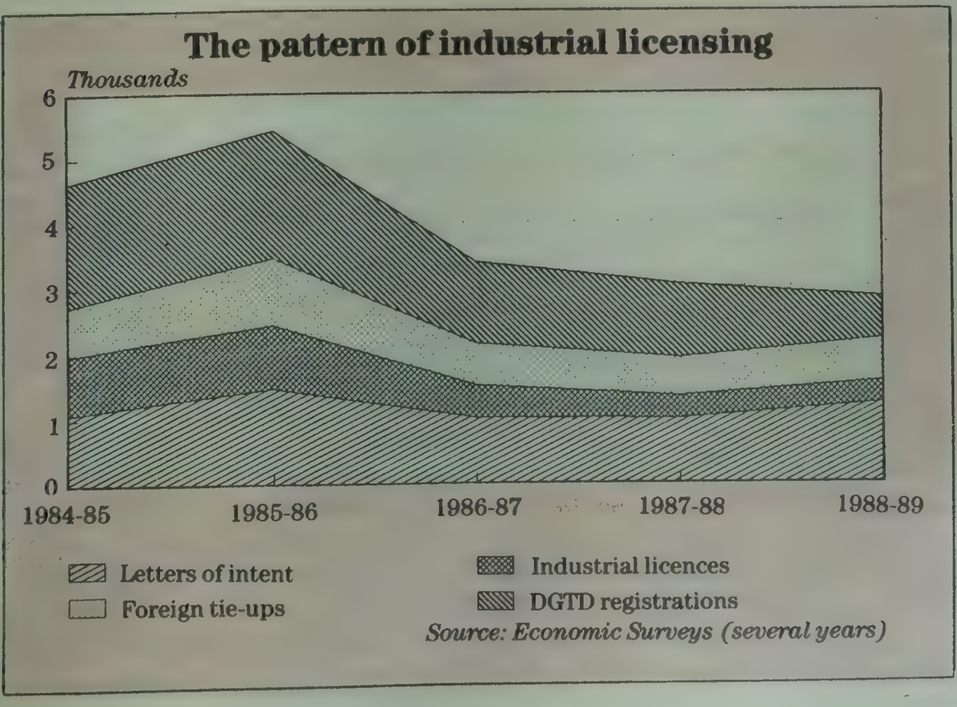
A senior official in a leading development banking institute looked at the policy in two parts. On delicensing he said real liberalisation will make an impact and even help develop entrepreneurship. But as all liberalisation is subject to existing procedures, he said the measures for import liberalisation were insufficient.

The pace of change

A moot question which arises from the implicit liberalisation is the pace of change, both economic and socio-economic, which will accompany it. Varma adopts a moderate view. "It is true we can't absorb change fast enough. The only alternative to gradual change is a revolution, which creates its own havoc. The example of Sri Lanka is a case in point. They brought in change rapidly and, as a result, the economy overheated."

Referring to the "indigenous angle" in technology which the policy has overlooked, Ajit Singh said that his main concern was the upgradation of technology, without which Indian industry would continue to produce inferior goods for the domestic and international markets.

Under the new policy, 100 per cent export oriented units (EOU) and units to be set up in free trade zones will also be delicensed up to an investment limit of Rs.75 crore. "This is welcome," says Romi Dhall, secretary, Confederation of Hundred Per Cent EOUs, "but no procedures that will come up after delicensing have been clarified. These will be required because even if delicensed, these units have to be registered somewhere in the government, else how will the import of capital goods be allowed? One hopes that the new procedures will not be too complicated."



The pattern of industrial licensing

Source: Economic Surveys (several years)

The liberalisation of foreign investment and technology imports has drawn specific criticism: that the government has buckled under the threat of the US Super 301 sanctions. However, Ajit Singh's deputy, Shrikant Jena, de-

A truncated DGTD

One of the side effects of the new industrial policy is reflected in the reduced role for the Directorate General of Technical Development (DGTD) — the technical wing of the ministry of industry which has until now been evaluating all proposals for large projects and imports from the technical angle.

Since, under the new dispensation, technology imports will be more liberal than ever before and 65-70 per cent of investments will effectively be freed of the constraints of licensing, DGTD will have much less to do now. The abolition of the DGTD registration scheme wherein units in the hitherto delicensed industries had to "register" themselves with the organisation, has also contributed to this.

This, however, does not mean that the DGTD will have no work to do. MRTP/FERA companies will require clearances as before, with the new policy spelling out that such companies would continue to require clearances under the provisions and regulations of the two (MRTP and FERA) acts. Also, technology imports involving royalty payments over a certain limit and lump-sum payments will require approvals as before.

Corruption. Industry is overjoyed at the prospects of a lesser role for DGTD, though no industry representative is willing to go on quote. Said a Delhi-based resident manager of a large company in what is reflective of a sentiment running throughout industry: "DGTD is a hotbed of corruption, with layers of bureaucracy and complicated procedures. It will be a great relief that one will have to see less of this organisation."

Actually, the beginning of the fall of DGTD started five years ago, when the Rajiv Gandhi government initiated the process of delicensing. This reduced the powers of DGTD, but the organisation found a new way to increase its importance. Till the latest industrial policy changed things, DGTD was required to "register" new projects coming up and for expansion in existing units. Though this was meant to be a mere formality, DGTD evolved such complicated procedures for registration that it took as much time as it used to, for licensing.

However, with the setting up of technical cells in many ministries in the last few years, to evaluate technologies pertaining to their fields (for instance in the petroleum ministry), the role of DGTD became somewhat redundant.

Things came to a head early last year, when the scientific advisory committee to the prime minister suggested that DGTD be closed down and its role be transferred to a new body under the department of science and technology. At the same time, the industries ministry also forwarded a proposal to cut DGTD down to size. This followed the culmination of efforts initiated in 1987 to build a logical case for the closure of DGTD. The National Productivity Council took up a study that year, at the behest of Udyog Bhavan, to assess the usefulness of the DGTD. But the study could not be completed, because industrialists, who dealt with DGTD and whose views were sought to be incorporated in the study, were afraid to co-operate.

An opportunity. In a way, the turn of events now gives the government an opportunity to radically restructure DGTD. Confesses a senior official of the organisation: "The idea of having a body to assess crucial technologies is not bad, but in its present state, DGTD does not possess the expertise to evaluate technologies sought to be imported."

This official also feels that DGTD should play the role of a technology manager rather than that of a technology assessor. "It should help entrepreneurs in identifying new technologies and guide them in this matter." DGTD officers should keep abreast of the latest international technologies and should be in a position to assess as to how soon they would become obsolete. He says: "Now that DGTD will have less work than before, it should concentrate on playing a developmental role and give up its regulatory approach."

Whether in its present form DGTD can play such a role, remains to be seen.

■ KINGSHUK NAG

bunked such opinion. "We concluded that it is better to have foreign equity rather than imports, which means immediate outgo," said Jena.

BJP MP and ASSOCHAM president, Viren Shah, also denies that Super 301 pressures pushed the government to ease the policy on foreign investment. "This allegation is hogwash. If the government was pressurised it was by me, not Super 301."

A happy USA

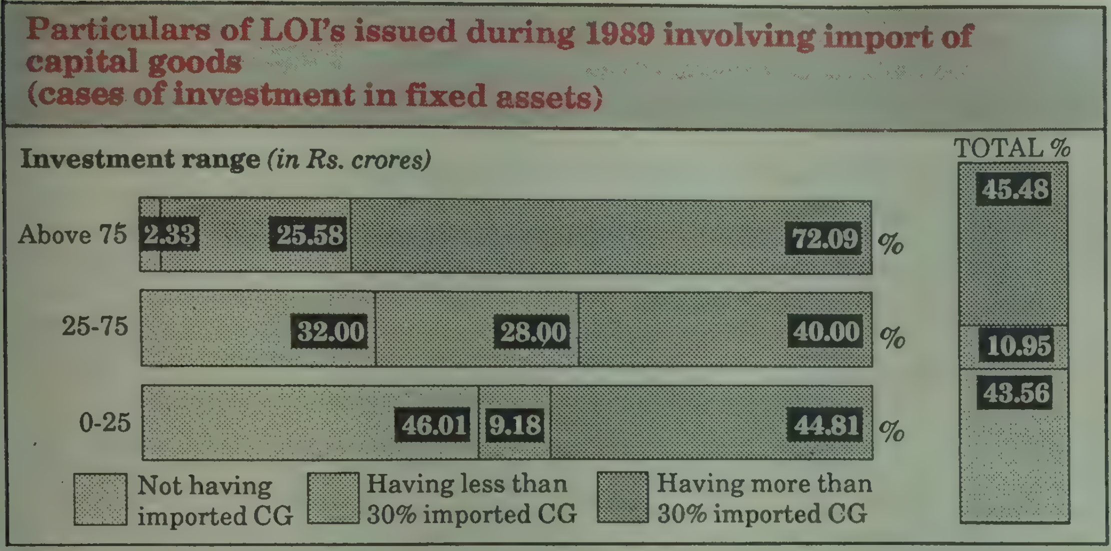
Whatever the lobbies, US officials are pleased with the policy. A US embassy official said, "This is what we wanted, though we would have been happier if insurance was also opened up to foreign competition. There will be no sanctions levied on India by the US for the time being."

Though the US may want to invest in India, the National Front government is more concerned about the small-scale sector. In its fashion, the new policy is also for the small-scale sector. It raises the investment ceiling on plant and machinery for small-scale units from the present Rs.35 lakh to Rs.60 lakh and for ancillary units from Rs.45 lakh to Rs.75 lakh. Small-scale units which undertake to export at least 30 per cent of their annual production by the third year of operations will be permitted to step up investments in plant and machinery to Rs.75 lakh. The list of 836 units reserved for small-scale units is also being raised (by another 100, according to Jena).

The rationale behind the boost to small-scale units is employment generation and greater exports. These motives have been broadly welcomed. Says Gunaji, "With the physical limit being raised, opportunities will be offered to SSI units to produce more. The unhealthy practice of proliferation of units just to remain within the SSI limit would stop."

Kamal Morarka, president of the All India Manufacturer's Association and chairman, Gannon Dunkerley Ltd, and MP, says that raising the capital investment limit of small-scale sectors was overdue. "The last revision was made in 1985 and since then there has been a lot of inflation. The limit should have been raised to Rs.75 to Rs.80 lakh, as the industry requested."

As for khadi and village industries, Sharad Yadav appeared to be particularly optimistic. "I had always wanted to


Particulars of LOI's issued during 1989 involving import of capital goods (cases of investment in fixed assets)

introduce khadi in every sector. Let khadi be internationalised. Let it become a brand name of Indian quality."

But there is some unhappiness about the policy of reservation which is sought to be reinforced. Says Dalmia, "It is rather unfortunate that the merits and demerits of reservation have not been discussed. Physical reservation is misconceived, while fiscal reservation is far better."

Not far enough

There is also a feeling that the relaxation in the investment ceiling for SSIs did not go far enough. A popular view holds that if inflation rates are taken into account,

"We have changed the direction of the economy!"

A day after the Industrial Policy was announced, Business India *spoke briefly to Ajit Singh, Union minister for industry, who left on an overseas trip immediately thereafter*

On the general objectives of the policy:

"This policy is essentially a set of measures designed to begin a process of change in Indian industry which would enable all segments in the industrial sector to grow in the nineties. An exercise of this kind can never be comprehensive and complete. The present policy is basically aimed at the small-scale sector and subsequent instalments of the policy will be targeted at MRTP companies.

"We have already started the process of economic liberalisation. The industrial policy just announced is only the first phase. The next will open up the economy further. It is being worked out now. All I can say is that the large sector will also be affected.

"As a result of this policy,we expect to effectively free the majority of industrial investments from delays which are endemic in a bureaucratic clearance system. Under the new scheme of things 60-65 per cent of all intended investments will not require any clearance from the central government. I am saying this on the basis of an analysis of different kinds of industrial approvals required. I want to do away with the committees of ministers and secretaries and all that."

"The remaining 30-35 per cent would continue to require the appropriate approvals, but we will ensure that these are dealt within a period of 30 days. If required, we will have a legislative provision."

On foreign investment policy:

"We are contemplating a change in the present foreign investment policy. There will be no hike in the 40 per cent equity ceiling on foreign shareholding. But all other aspects of the foreign investment policy are being examined. A negative list of industries is also being drawn up where foreign investment will not be allowed.

"We do hope that foreign investors are satisfied with the new policy, because their main complaint concerns the elaborate procedures in this country. This policy will lead to an increase in inflow of foreign investment.

"The clause in the new policy enabling firms to induct foreign technology without referring to the government will not bring in repetitive technology as is believed by some. The idea is to enhance the process of technological upgradation. It does not matter if this leads to indigenous technology being ignored, as the country requires the best technology possible.

"Foreign investment and technological collaboration will curb domestic competition. They will have to pull up their socks and quality will have to be the hallmark. Let our industries be able to survive in the international market."

On the policy towards small-scale and agro-based industry:

"This policy is also designed to raise exports. The limits for small-scale industries have been raised so that they can become more competitive and export more. We are also thinking of raising the excise concession limit, so that units which will be small scale as a result of the raised investment limit in the new policy can also take advantage of this. The matter has been taken up with the finance ministry.

"An enlargement of the list of items reserved for the small-scale sector is being contemplated. An exercise is on at Udyog Bhavan for framing new guidelines for growth centres. An enhancement in the limit for the small-scale sector will not induce large houses to set up subsidiary units in the small scale, as many think it will. Any way, it does not matter, because we are interested in production.

"Agro-processing units will also get an impetus as a result of the new policy. The newly set up bank for small-scale industries has been given instructions to give priority to agro-processing units in the matter of giving loans. We have definitely decided to make our economy agriculture-based. We will also welcome foreign technology in the agro-processing sector. Though some people might call this exploitation, I do not see anything wrong in this. In fact this is giving the farmer his due, by enabling higher return for his produce."

On achievements of V.P. Singh's government:

"Have you seen our manifesto? Employment was one of the major priorities. The new industrial policy is aimed at generating more work, hence the impetus to small-scale industries. Within the inherited constraints, we have already changed the direction of the economy by easing bureaucratic controls."

How the son also rose

He is an Indian with a Yankee accent, and he makes a conscious effort to curb it. But Americanisms like "guys" escape often into his conversation. At 51, he goes to bed with the latest best-seller. He is a computer whiz-kid who has worked with the top hi-tech corporations of US — IBM, Xerox and Amtel — for 16 years from 1965 to 1981. He is not a typical yuppie, though he has the right background — a B.Tech from IIT Kharagpur in 1962 and a M.Tech from Illinois Technological Institute. He is the new industry minister — Ajit Singh — who has thrown open the gates for foreign investments and collaborations to improve the quality of Indian goods to enable them to compete in the international market.

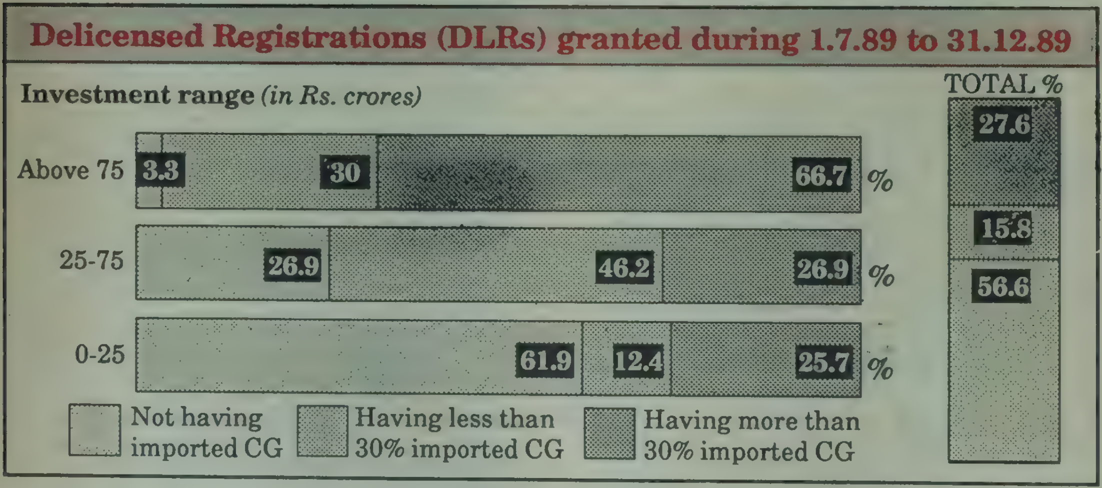
Former prime minister Charan Singh's only son, he was born on 12 February 1939 in Meerut. For 47 years he resisted all attempts to be roped into politics. Only after his father had an attack of paralysis did his resistance weaken. Though he returned to India in 1981, he entered politics, by becoming an ordinary member of the Lok Dal, only on 21 May 1986. Following his return, Ajit Singh had worked in a junior management position at Datamatics — a computer unit of DCM.

Meteoric rise. His rise in politics was meteoric — a series of quick jumps. First he was vice chairman of the Kissan Trust (28 May, 1986), then secretary general, Lok Dal (June 1986). March 1987 saw him take over as vice president of the Lok Dal. And in June, after his father's death, he was promoted to president. In 1988, when the Lok Dal merged with the Janata Party, he became acting president and soon after Janata Dal was formed, its secretary general.

All the while he was trying to rebuild his links with his roots, to cultivate the farmer's son image. When questioned on the curious mixture of his policy, his retort was: "Don't people live in villages?" The pressures and influences of both the farm and the city on him are evident. They are manifest in his industrial policy. He tried to give the best to both worlds — the corporate sector and the small-scale and agro-sector based in the villages. His friends say that his years in the US have made him realise the need for a capitalist approach and the efficiency that is possible in big corporations. The dichotomy that he embodies is reflected in his policy.

He won his first election from Bagpat in November 1989. Before that he was a member of the upper house. Ajit Singh is a family man and is known as an introvert. He has shielded his family from the limelight and meets all official visitors and constituents at his father's Tughlaq Road house. His wife, two daughters and schooling son stay discreetly away at his Meena Bagh residence in New Delhi.

■ RUCHIRA GUPTA



Delicensed Registrations (DLRs) granted during 1.7.89 to 31.12.89

Rs.75 lakh to Rs.1 crore would be the proper limit. However, even this is countered by the argument forwarded by some industry observers that this extension of the limit could lead large business houses to set up small-scale subsidiaries. But the industry minister does not think this view has substance.

Even as the small sector gets largesse, the large business houses are crying themselves hoarse about being ignored by the industry minister. Viren Shah says, "There is nothing for MRTP companies in the policy. The MRTP limit of Rs.100 crore should have been raised. This is not liberalisation. Who is he fooling, his own colleagues?"

The liberalisations being pushed for by big business houses is clear from the proceedings of a meeting held on 17 May between the prime minister (and his senior colleagues) and industry representatives. At the meeting, industrialist S.K. Birla, speaking for all his colleagues from ASSOCHAM, CEI and FICCI, pushed for a proposal that only investment plans of more than Rs.500 crore should be referred to the cabinet for clearance. He also wanted the MRTP to concern itself with market dominance and not size.

Rahul Bajaj pointed out that industrial policy should not be geared towards employment creation because industry was meant for production, not providing employment. Policy should be geared towards production that could take on international competition. A pre-requisite for this sort of production was the removal of controls in sectors exposed to international trade and a policy which allowed unit locations to be governed by market forces.

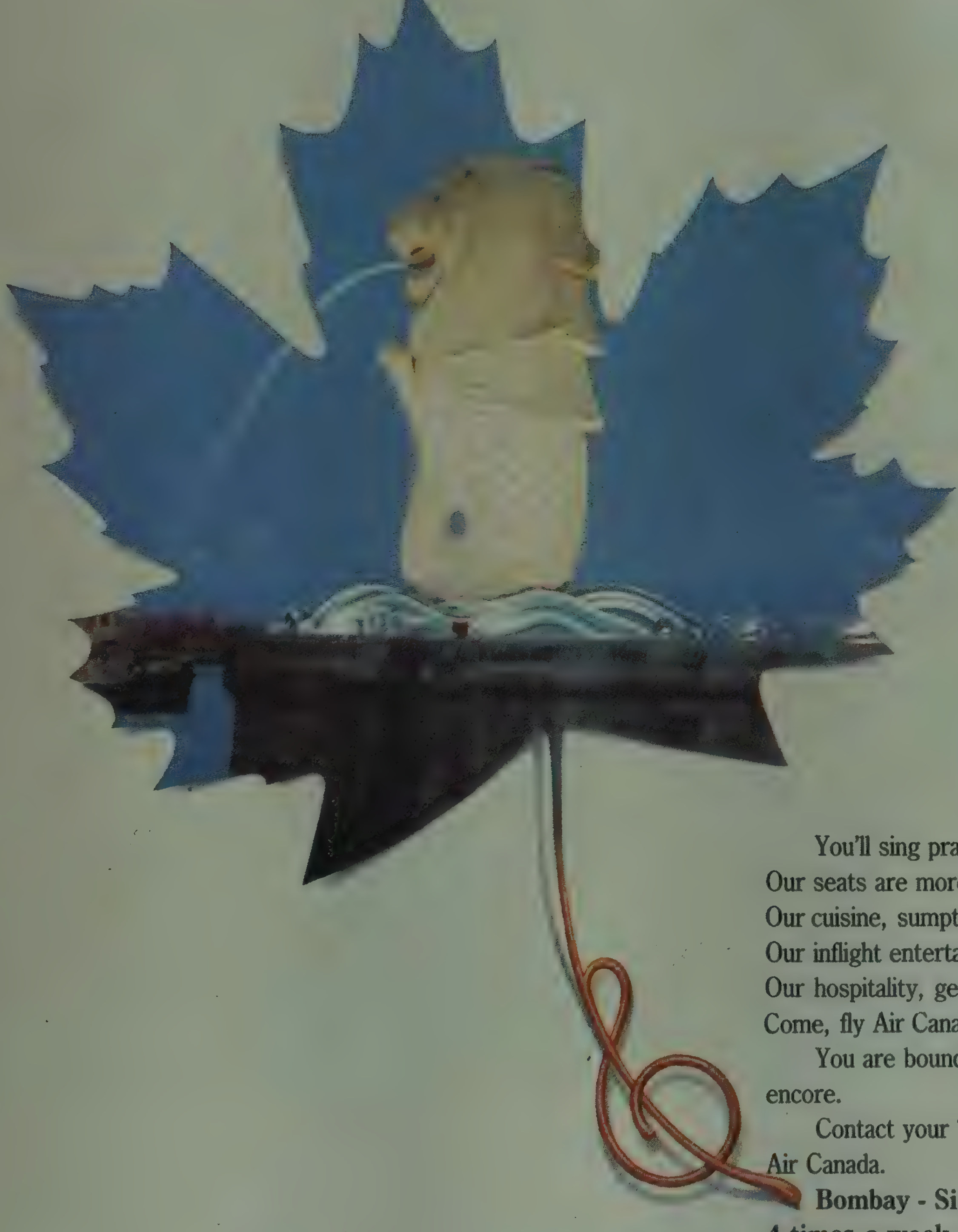
What about privatisation?

Some industrialists are also unhappy that the new policy has not addressed the issue of privatisation, although the government has disclosed that various proposals for private sector participation in diverse areas are on the anvil. Says Viren Shah, "At a time when even the prime ministers of Hungary and Czechoslovakia are talking about this, it's strange that our government refuses to deal with the question."

Shah sums up the whole policy: "Some light has been let in now. The blinkers worn by our politicians have loosened, but they are still there." This, in other words, is a case of controlled decontrol. Meanwhile, with the unveiling of the policy it is expected that the uncertainties about the investment climate which have prevailed for the last few months will be removed. And the investment scenario, which has thus far been murky, will become favourable.

■ KINGSHUK NAG and RUCHIRA GUPTA

SING ALL THE WAY TO SINGAPORE.



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In technology that's state-of-the-art or in artisitc pursuits, the Japanese are born inventors, innovators.

Now, Videocon brings home Japanese expertise through air conditioners that incorporate the world's most advanced technology.

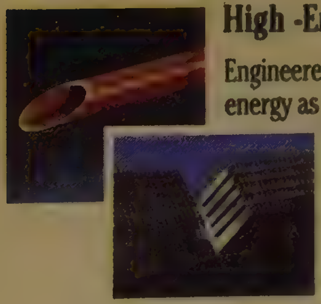
High Performance Rotary Compressor

It's what separates the Videocon Air Conditioner from all other air conditioners in India. A compressor so compact, with cooling efficiency that's at par with International Standards. At the same time the design is tough enough to withstand Indian tropical conditions.

Super Quiet Operation

The Videocon Air Conditioner incorporates an ultra thin heat exchanger and specially designed sirocco fan, propeller fan, fan motor and rotary compressor. What's more, the rotary compressor is mounted on a vibration-absorbing rubber base and the entire air conditioner housed in heavy insulation.

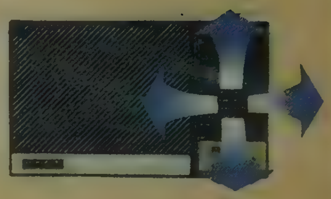
All this gives you a whisper quiet operation.



High -Energy Efficiency Design

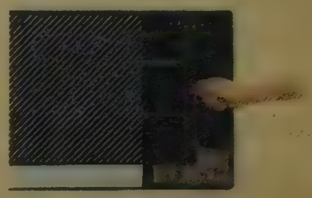
Engineered to operate on as little energy as possible, it can save on electricity bills. All this being possible due to the Louver Fins, Grooved Copper Tubing and the Rotary Compressor.

4-Way Air Deflection System



At the touch of a switch, you can control the air direction from side to side. While the louvers adjust the vertical air flow.

One Touch Air Filter



Quick, easy sliding of the filter, without removing the grill facilitates cleaning. You don't have to rely on a technician.

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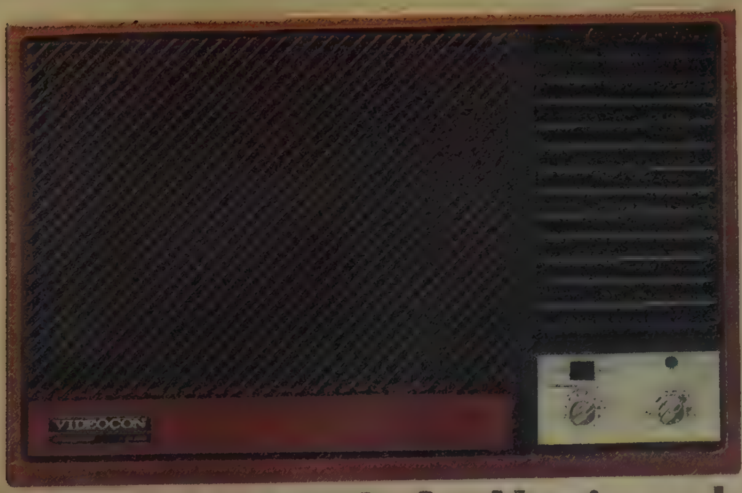

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What does the word 'concern' imply for corporate enterprise? Concern is the ability to create products relevant to the environment, products that give value for money and offer new, better solutions to the conditions they tackle.

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Escorts in the 1990s From its inception, Escorts has firmly believed that success hinges on being close to the customer. And today we are ready to confront the challenges of the 1990s.

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Our diversifications have been carefully placed in the core sectors of the nation's growth. Through an extensive investment in R&D and an enviable range of collaborations we have created products that contribute to basic development.

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KINETIC HONDA

Back in the race

Through a painstaking process, the company has turned around and now expects rich pickings from the growing two-wheeler market

On 3 June 1990, three riders from the Association for Racing and Motor Sports rode non-stop for 1,001 hours (42 days) on scooters at Pune's Sarasbangh, setting a world record. The earlier record for non-stop riding was 560 hours, set on a 500 cc Yamaha bike in Italy in 1986. "You have achieved the impossible. It will take many years to beat this record," said a jubilant Arun Firodia while congratulating the riders. Firodia, managing director of the Pune-based two-wheeler manufacturer, Kinetic Honda Motors, has reason enough to be elated. This gruelling feat was achieved on a Kinetic Honda DX-100 cc scooter.

Firodia: jubilant, justifiably so

Other less arduous reasons have also contributed to Firodia's good cheer. Four long years after it was set up in mid-1986, Kinetic Honda Motors Ltd (KHML) has wiped out all its past cash losses in the year that just concluded in March 1990. KHML ended the year with a turnover of more than Rs.100 crore — 64 per cent higher than the previous year and a net profit of Rs.2 crore — up by 50 per cent. The company sold 60,000 scooters and 33,000 mopeds during the year as against 37,000 scooters and 30,000 mopeds last year (annualised).

Its modern factory at Pithampur near Indore already manufactures about 7,000 scooters per month. This figure is expected to touch the 10,000 scooter mark before the end of the year. Of course, compared to the statistics which so conspicuously stand out in Bajaj Auto advertisements, these figures are peanuts. Bajaj, the industry leader, towers over the rest like a goliath — it sold 643,000 scooters in 1989-90 — 54,000 a month. At the moment, its position seems impregnable: a senior Bajaj marketing official does not consider KHML to be a threat at all. But when KHML is compared with the new two wheeler companies in its own league — Hero Honda, LML Vespa, Gujarat Narmada Auto and TVS-Suzuki — its turnaround stands out as remarkable. For 1990-91, the target has been set at 90,000 scooters and 30,000 mopeds. And Firodia hopes to wipe out the entire carried forward book loss of about Rs.4.5 crore during the year.

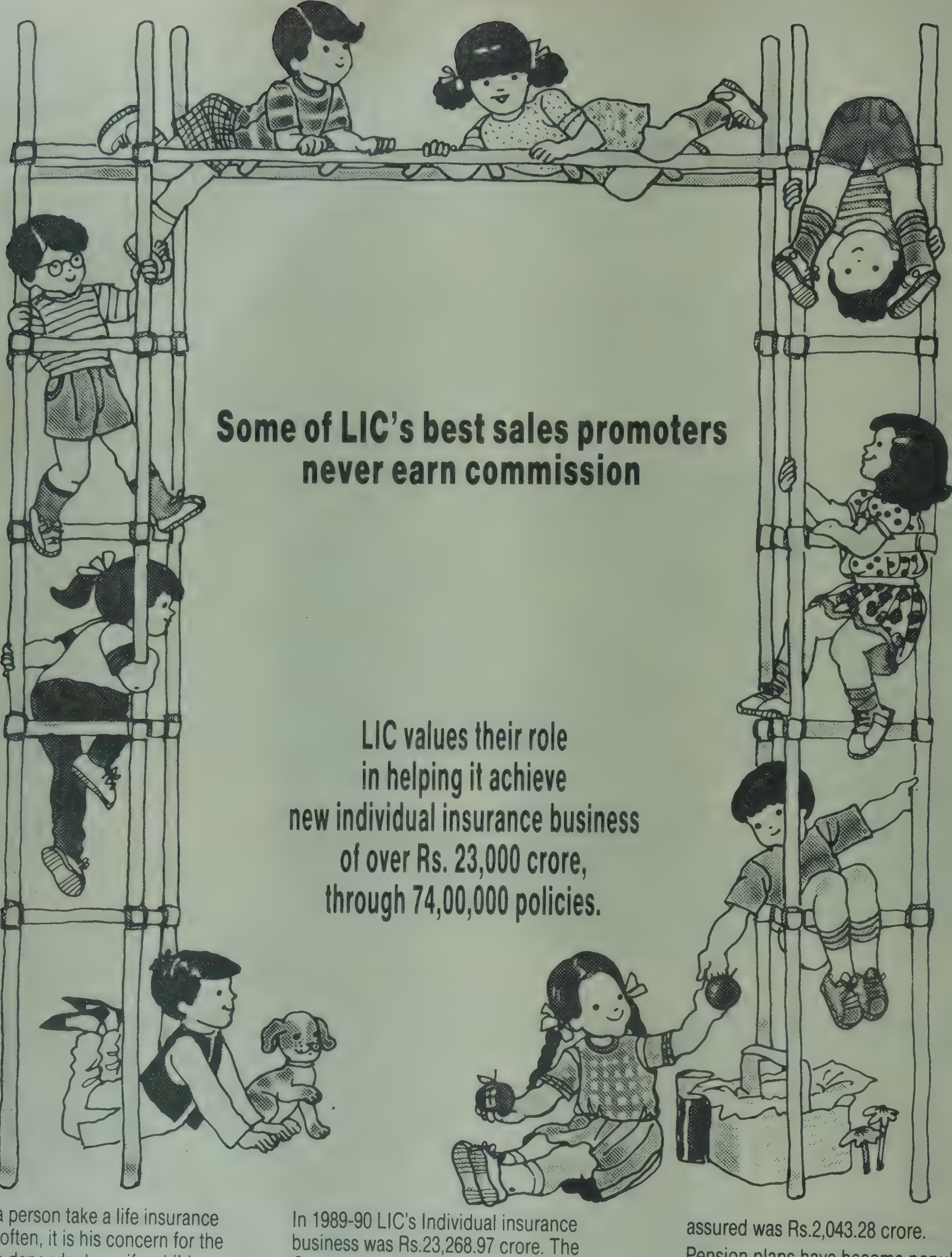
Four years ago, Kinetic Honda kicked off its operations quite grandly. The company was set up to manufacture hi-tech scooters in India under a technical collaboration with world leaders Honda Motors of Japan. Honda's technical back-up, its equity stake equivalent to the Firodias' (28 per cent), the scooter's radical looks and its features hitherto alien to India — like automatic transmission and a self-starter — all combined to make Kinetic seem set to storm the Indian market. A two-wheeler boom and a long booking list encouraged the company's aspirations.

But by the time the scooter hit the road, the rosy picture had darkened considerably. The high price tag, 35 to 40 per cent higher than the largest-selling Bajaj scooter, triggered off a flood of cancellations. The revolutionary features of the scooter, which were expected to give it an edge over the others, were discounted as negative points: the scooter was considered too sophisticated for the Indian roads. In its first year (1986-87) KHML sold only 13,221 scooters. Although sales went up to 23,853 scooters the next year, the company's total net loss rose to Rs.11.83 crore against an equity capital of Rs.10 crore.

Indigenous advantage

On each scooter sold in the first two years, therefore, the company lost about Rs.3,200 — disastrous by any standard. But Arun Firodia was determined not to let his dream project die. "I knew that with a little modification, the scooter was bound to sell, but the biggest problem was the high price. The main culprit was the rising Japanese yen and a high import content." So the first priority for KHML was to hasten indigenisation and cut down imports. "In four years, we have brought down the import content from 40 to seven per cent," claims Firodia. Translated monetarily, the value of imported components and materials which was as much as Rs.4,800 per scooter in 1987-88 came down to Rs.1,700 in 1988-89. With the sharp increase in indigenous content, KHML could hold on to its price line; now a Kinetic scooter costs only about five to six per cent more than a Bajaj.

How did KHML indigenise so fast? Firodia was fortunate in getting the support of other companies in the Firodia group, which invested money to make some major components for KHML. Kinetic Engineering, the makers of Luna mopeds and the flagship of the group, invested Rs.10 crore to make gears and shafts for Kinetic Honda scooters. It also leased Rs.4 crore worth of machines to KHML. Similarly, two other private companies in the group together spent Rs.5 crore to make components like generators, ignition coils, variators etc. This sup-



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In 1989-90 LIC's Individual insurance business was Rs.23,268.97 crore. The Corporation surpassed its last year's performance by over Rs.6,000 crore—an increase of 35%.

Under 8,856 Group Insurance Schemes, 15.45 lakh lives were covered. The total sum assured was Rs.2,043.28 crore.

Pension plans have become popular. 1,83,942 policies netting a premium of Rs.168.50 crore were issued.

LIC is now a multi-dimensional organization but its primary concern will continue to be to provide life insurance cover to people.

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Life Insurance Corporation of India
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port, however, was in no way charitable: all the companies sold components to KHML at a profit. Kinetic Engineering, in addition, offered to KHML the assembly of 30,000 Luna mopeds per year. This, in turn, helped KHML run its plant at a higher capacity thus distributing its fixed costs over larger volumes.

Honda Motors of Japan wasn't a passive observer either. According to a senior official in KHML, the Japanese company made significant concessions on imports. It also gave interest-free credit for one year on all imports of components when KHML was facing a cash crunch. "For Honda, these costs were insignificant compared to their billion-dollar operations," points out a senior official, "but for them it was a prestige issue." Shigeo Hirose, joint managing director of KHML and one of the six Honda men in the company, confirms Honda's commitment: "We see a large potential in India. Therefore, we did our best to revive the company."

Thrift pays

Officials in KHML also talk about Firodia's painstaking efforts to keep the project cost low. A telling example is the paint shop KHML bought from Thermax of Pune for Rs.1.5 crore. If imported, this would have cost Rs.6 crore. Firodia shopped all over the world for a cheaper paint shop but finally arranged for a transfer of technology from Trinity of Japan to Thermax and got the machine made in India at one-fourth the imported cost.

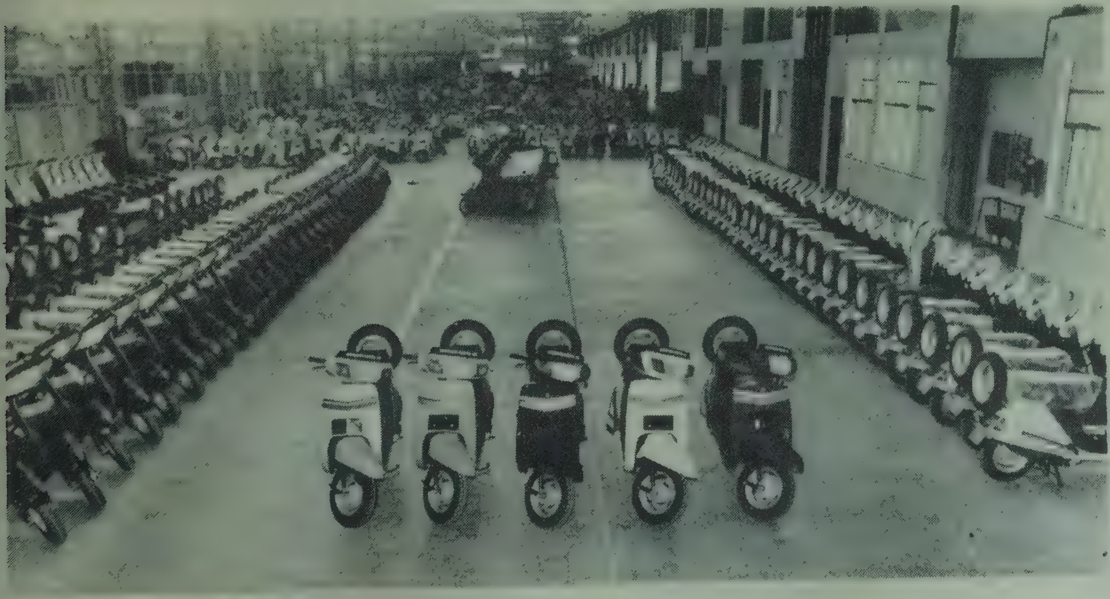
A senior official in Thermax pointed out that this cost-conciousness at the project level is rather rare. A senior official in ICICI, the lead financer of the KHML project, also attributes Kinetic's turnaround to Arun Firodia's commitment and cost consciousness. An appropriate perspective of KHML's low project cost can be gauged by examining that of Hero Honda, which began at around the same time and is also a Honda joint venture. Hero Honda's 100 cc motorcycle plant near Delhi cost Rs.53 crore for an installed capacity of 150,000 bikes; KHML's total cost was Rs.22 crore for 100,000 scooters.

Low project costs naturally saves on interest (as borrowings are lower) and depreciation. In 1988-89, for example, KHML's depreciation cost per vehicle sold was Rs.207 and interest cost was Rs.351 — both less than half the figure Hero Honda spent in the same year. Another major advantage for KHML is the location of its plant. Pithampur is in a backward area and wage rates are therefore substantially low. In 1988-89, for example, KHML's employee cost per scooter was only Rs.206 compared to Hero Honda's Rs.477 and Bajaj Auto's Rs.774. Another reason for a low employee cost was the dual role assigned to the marketing team, about 100 people. They were transferred to Kinetic Engineering to sell mopeds as well as scooters.

The tough got going

These savings made a big difference. From the beginning of 1988 the company stopped making cash losses and at the end of 1988-89 KHML made a net profit of Rs.1.36 crore after providing for all expenses. The overall drive to cut unnecessary costs led to a change in Kinetic's marketing strategy too. It stopped advertising in national magazines and newspapers and concentrated on local newspapers in small towns. "We had to be very cost effective," points out Firodia. Kinetic Honda scooters were also entered in many rallies and races (Alpha Lap, Himalayan Rally, Desert Rally etc) and came through with good results. The company was quick to cash in on its scooters' performances in these rallies and promoted the "built-in toughness" of the scooter in its subsequent advertising. "The idea is to tell the buyer that although our scooter looks sleek and sophisticated it is also sturdier and tougher," says Firodia.

Luna Mopeds: helpful investments



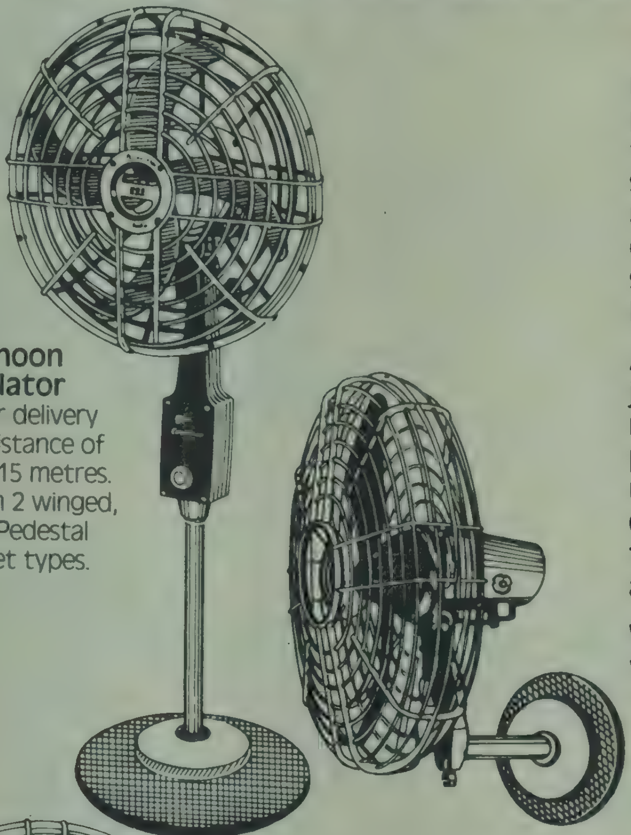
Scooter assembly: less imported components

That the customer is now convinced about the worth of a Kinetic Honda scooter is reflected in the six to eight week waiting period for the vehicle. Dealers in Bombay, Pune, Indore and Bhopal confirm this and point out that interest in the scooter has increased significantly. And to provide easy finance for hire purchase to retail consumers, KHML has promoted a new company jointly with Twentieth Century Finance Ltd.

Kinetic Honda appears to have emerged stronger from its lean times. The growing two-wheeler market should provide rich pickings for the company. Last year, sales rose by 21 per cent and with the recent increase in fuel and automobile prices, the demand for two-wheelers may intensify. Arun Firodia is certain that he will be able to take the full advantage of the fair weather and clearly lead most other new two-wheeler companies.

■ DILIP MAITRA

Ultimately, there is only one name in the air that stands for gold.



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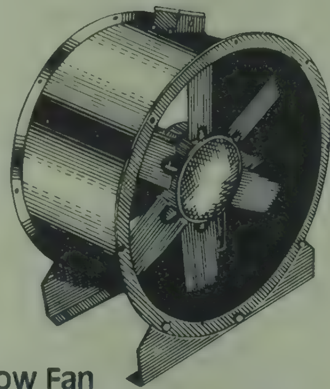

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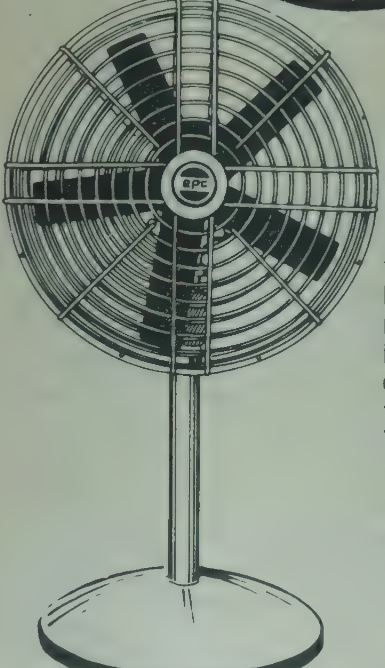

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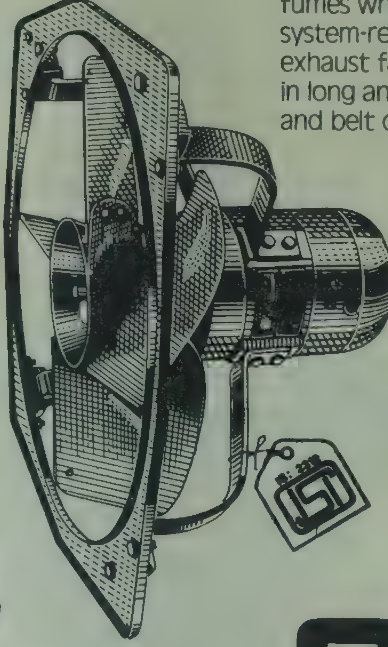

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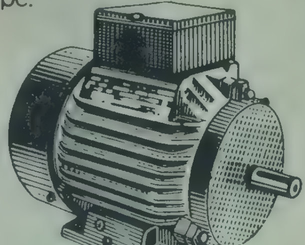

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MASCHINENFABRIK POLYGRAPH

A strong imprint

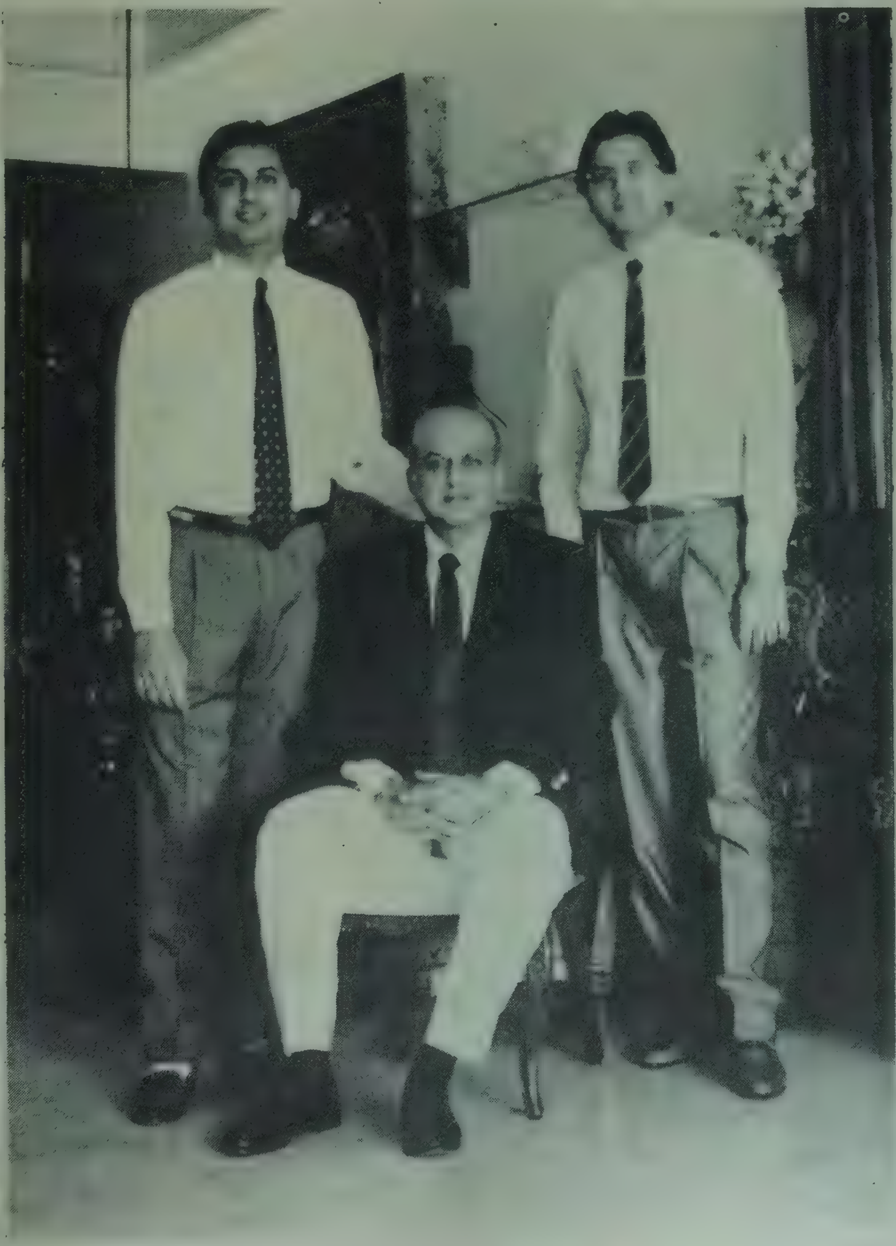
A strong technical base, upgradation of technology and prompt after-sales service have helped this low-profile manufacturer of printing machinery achieve twin goals: market dominance and healthy profits

In the beginning the Swedes refused to even meet the Indians. "A company from India? Forget it!" one of the directors of Swedish printing giant Solna Offset AB sniffed indignantly. "They won't be able to absorb our technology." But Sanat Shah and his sons Sanjay and Pradeep, who now hold a controlling 38.57 per cent of the interest in Maschinenfabrik Polygraph (India) Ltd (MPL) persisted. And how! They got in touch with a business associate in New York who in turn contacted a member of Solna's board.

The end result was that last month, MPL, the country's largest manufacturer of printing machinery in the private sector (market share: 20 per cent) acquired the total know-how and technology for the production of Solna's latest model — the Streamline sheetfed offset 6-colour printing machines. A world leader in the medium size offset category, Solna has installed 25,000 sheetfed units all over the globe in the last 4 decades. Hereafter, the Swedish company will stop manufacturing the Streamline series. Instead, MPL will supply it, under the Solna brand name, to the world. MPL will pay Solna Rs.10 crore; another Rs.20 crore will go towards capital investment.

Outstanding technology

The Solna coup is the latest achievement for the young (barely 18 years old), small (equity base: Rs.1.17 crore) and profitable (1989 gross profit margin: 14.28 per cent) company. "The Shahs have bought an outstanding printing technology," says Arun Mehta, managing director, Vakil & Sons Ltd, well-known printers in Bombay. Within 5 years, export earnings from the Solna range are projected to touch Rs.100 crore, which will help boost an already impressive performance. At the end of March 1989, MPL's exports stood at Rs.10.70 crore, which was about 52 per cent of the total sales turnover of Rs.20.45 crore (on an annualised basis). Over the last 5 years, sales have consistently grown at an average rate of 38 per cent per annum. In the same period, cash profits have shown a constant average growth of 35 per cent.



Sanjay, Sanat and Pradeep Shah: a persistant trio

Between 1947 and 1972, MPL had been selling imported printing machinery before venturing into their manufacture under technical collaboration with Polygraph Export Import of East Germany. Success in the new field, however, did not come suddenly. Between 1975, the first year of production, and 1980, there was a massive pressure on the margins, due to the capital-intensive nature of the business. "Our pre-operative expenses alone came to Rs.30 lakh. The project had a long gestation period," says chairman Sanat Shah.

There was also the problem of creating a market. Sales for the first year were a low Rs.50 lakh. Remembers export manager M.A. Jhaveri, "In the initial stages, it was very difficult convincing people to buy Indian machines." This directly affected the company's market performance and for most of the early seventies, its scrip was quoted at below par. "But once word got around that our technical capabilities and quality are good, the machines (the OM2 letterpress and the RO-62 web unit) started selling themselves," continues Jhaveri.

In the nearly two decades since "the ball started rolling" MPL has sold a large number and a wide variety of printing machines, both in India and abroad. The price has ranged from Rs.5 lakh in the case of the PO-25 single colour sheetfed machine to the Rs.60 lakh plus Zircon 66-III web-offset machine. On web machines, the paper to be printed on is fed in the form of long, continuous reams and these machines are used for longer print runs. In sheetfed machines, as the name suggests, the printing is done on sheets of paper.

Not well known

Nevertheless, in spite of being a market leader and one of the most profitable manufacturers of machinery, not much is known about MPL. Says

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That NELCO has well over 300 CDOT EPABX installations is a fact. But more important is the fact that we have cared for our Customers.

Our Customer satisfaction can be judged by the fact that we have achieved an average uptime of 99.53%, which has resulted in 40% of our orders being repeat orders from existing Customers.

Our dedication and foresight has kept us at the forefront in Indian Communications. We have adopted CDOT technology developed specifically for the Indian environment. It compares favourably with the world's best technologies, and is compatible with tomorrow's national network. We switch voice, have voice - data integration, networking and PLCC.

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It has all been made possible through the strengths of our Organisation : an exclusive R&D, a team of competent service engineers at 21 locations spread over the country, and each one of us at NELCO having a high level of customer commitment.

Above all we treasure our Customer's satisfaction and their faith in us that has further strengthened our commitment.

So remember, when you are ready to dial from your own EPABX system you can talk with a smile through the CDOT EPABX system from NELCO.

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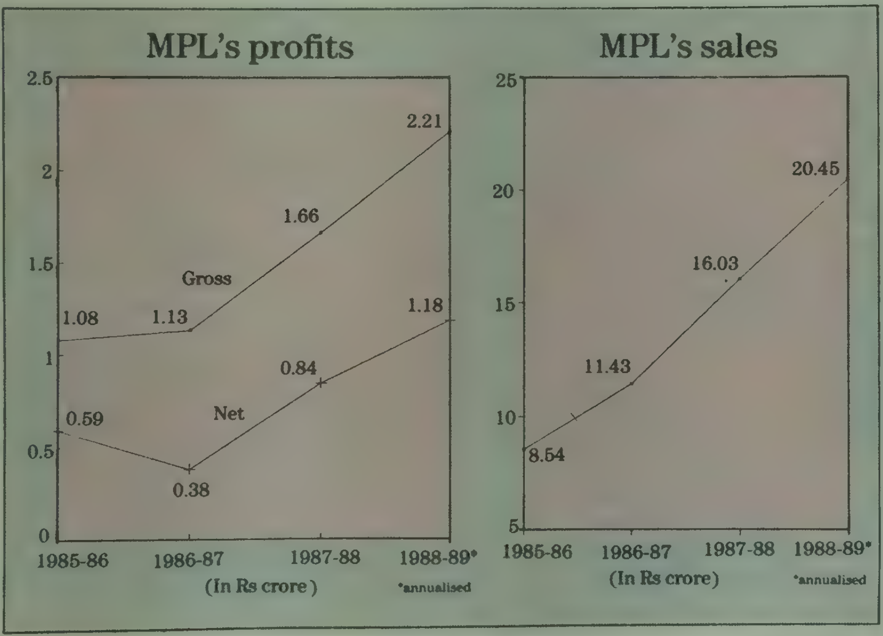
Zircon machines: upgradation on the anvil



D.G. Sontake, general manager, at MPL's Kolhapur plant, "Maybe low profile and hard work go together." Director Sanjay Shah, while agreeing that the MPL management has deliberately kept a low profile, says, "Ours is not an industry that attracts attention the way a consumer products does. But then, we have always concentrated more on things like quality control."

Printing machinery manufacture being such a high precision industry, it is only through stringent quality control standards that MPL has reached its position today. "Even the slightest mistake can result in wrong registration of the print image," says M.R. Harshe, divisional manager, web-fed products. Y.D. Mundale, divisional manager, sheetfed products, points out, "The manufacture of printing machinery involves many engineering disciplines like mechanics, pneumatics, electronics and hydraulics. And above all, graphic technology which is more art than science." A total of 50 inspectors and 6 engineers man MPL's quality control department. "By Indian standards, the quality of the machines produced by them (MPL) is outstanding," says Pranav Parekh, managing director, Printwell.

Good location

While most big city folks might consider Kolhapur a small sugar town, this location has also contributed to MPL's success. Kolhapur turned out to be a good location for a high precision engineering unit. Located in a highly fertile sugarcane growing belt, about 300 km away from Bombay, it has a favourable industrial climate. Out of the company's workforce of 1,200 people, 117 are engineers, most of them ex-alumni of the Shivaji University nearby. A majority of the skilled workers were absorbed through on-the-campus recruitment at Kolhapur's Industrial Training Institute. "Ninety nine per cent of our employees are local," says Harshe.

Once the company had got its team into place, it adopted a unique formula to achieve its twin goals: market dominance and healthy profits, absorbtion of technology while also developing it in-house. Towards this end, the R&D department's 12 engineers and 40 draughtsmen have had an important role to play. They have also been ably assisted by 140 technical hands in various "cells" co-ordinating with the marketing department. Depending on customers' needs, they are constantly handling "marrying technologies" assignments.

For instance, MPL has attached an electric dryer manufactured by IVT of Sweden to its Coroset rotary newspaper printing machine. The company initially imported three of these dryers. But now, 70 per cent of their components are manufactured at MPL. For the Zircon (originally an East German designed machine), the R&D department developed an automatic pasting unit, originally imported from France, which helps save time between change of rolls of paper. A typical MPL machine may include Swedish heaters, American electronics and Indian electricals.

Like many other Indian manufacturers, MPL has relied on foreign technology. But what is unique about this company is that it has borrowed the designs and technology from East German machines, upgraded them and then sold its machines to East Germany, Russia and other East European countries. Even though MPL has relied on foreign makes in the past, its overall import content today has dropped down to a bare three per cent. Some machines, like PO-25 and PO-36, have been developed and manufactured totally in-house.

An interesting example of MPL's adaptability is the development of an attachment used for printing numbers and fitted to the sturdy RO-62 printing machine ideally suited for commercial printers who rely on a variety of job works. This unit is the only one of its kind produced in the country and is used to print numbers on lottery tickets, ballot papers, bus tickets, share application forms and government stationery. "This attachment was not available in the original Polygraph machine and our collaborators said that it could not be manufactured in India. But we developed it within a year and a half," says technical manager Shailesh Shah. In all, MPL has sold 55 such units. In the case of the PO-25, a compact unit using vacuum technology was developed to feed the paper into the machine.

Good network

A well-established after-sales network, spread all over India, has also helped. "I am pleased with their after-sales service. Their engineers are very professional," says Printwell's Parekh. MPL clients have also appreciated the easy availability of spare parts. "They (MPL) can supply all spare parts quickly," says a leading magazine publisher. "Had I bought a foreign machine, where would I have gone around hunting for spares?" But this customer service has led to an abnormally high increase in MPL's inventory level. In 1989, they accounted for 46 per cent of sales. Says Sanjay Shah, "Earlier, we kept a wide variety of spare parts, thinking that people would require them all. Many of them did not move for even six months. But now we are stocking only essential items. Other spares, however, can be supplied within 48 hours. This year (March 1989-February 1990), our inventory as a percentage of sales has come down to 30 per cent."

Other factors also helped the company on its road to success. "MPL arrived on the scene at the right time and they were lucky to get good people," says S. Bhandari, chairman and managing director, Indo-European Machine Company, importers of printing machinery for the last 40 years. "They were lucky to tie up with a good collaborator," says a senior executive in HMT's printing division, with which MPL competes in the sheet-fed segment of the market. What he fails to add is that two decades ago, East German companies were not considered attractive collaboration material. It is MPL's subsequent success that seems to make the Polygraph tie-up a great proposition.

Sontake: "low profile and hard work go together"

Perhaps the singularly important reason for MPL's success must be Sanat Shah himself. Says Sontake, "He has always been ahead of the times. In 1974, when we were raising the Kolhapur plant, instead of talking about construction, he was discussing exports." Adds Jhaveri, "At a time when people were thinking only of sheet-feds, he introduced the first Indian web offset machine." According to Shailesh Shah, the chairman is, "always open to ideas. He has allowed us to think loudly." And Mehta of Vakils says, "He is very receptive to suggestions. After I bought a sheet-fed machine from him he called me up and said, 'Tell me what you think of the machine and where I can make improvements.'"

For the last couple of years, Sanat Shah's two sons, Sanjay and Pradeep, have been effectively helping him run the organisation. But his futuristic vision remains as sharp as ever. Last year, he steered MPL towards floating Plamag International Limited, a company manufacturing the Coroset brand of newspaper printing machines. Once again, the formula was the same — East German collaboration, for an East German designed machine, and the new company has already exported six out of the twenty machines produced so far.

In fact, an observer of the printing industry feels that MPL's real strength is in its ability to produce sturdy, well-designed machines at realistic prices. The prices of high precision engineering goods manufactured in the US or Europe have skyrocketed. The result is that Western manufacturers are increasingly getting out of the bottom and lower middle sections of the market. They are concentrating on high value, sophisticated machines with a high degree of automation designed for the large print runs required in the West. Naturally, the machines carry a big price tag. But clearly, there is a substantial market, not only in the developing countries, but also to a fair extent in the West too, for well-engineered products at reasonable prices. Many Indian light and heavy engineering units are beginning to realise this advantage. Yet few have been able to translate this theoretical advantage to practical success. MPL has been one of the exceptions.

The ultimate aim is to export 70 per cent of the Plamag production. Now orders are on hand not only from East European countries but also from Holland, China, Argentina and West Germany. But certain problem areas remain. Raw materials like seamless pipes and hot rolled alloy steel of larger dimensions are not easily available. When they are, there is usually a premium. This is the main reason why MPL's gross return on capital employed has never crossed 15 per cent in the last 5 years. According to some people, product design and registration of some of MPL machines can still be improved further. And some MPL shareholders complain that in spite of doing so well, the company has not rewarded them with any bonus issues.

"We have come up with three rights issues in the last two years, which can be considered to be half bonus issues," says a member of MPL's management team. "There have been no bonus issues because the profits have not been that high." Nevertheless, the MPL scrip continues to be a favourite with stock market analysts. "MPL might be a low-profile company but people who know about it are impressed," one of them says. I see no reason why profits should not continue to appreciate."

Plans are on the anvil to upgrade the successful Zircon. "The Indian market is expanding very fast," says Jhaveri. "And we are in a comfortable position of supplying a machine for all needs." But MPL has also initiated a drive to expand its sales and service network beyond Indian shores. An office has already started functioning in Moscow. Soon, others will start operating in Bangkok, Texas, Nairobi and Frankfurt. "True, there is a vast potential here but India by and large, remains a price market," says Sanat Shah, "hence our thrust towards exports."

Meanwhile, the buzzword at Kolhapur is Solna, with the first machine expected to roll out in August 1991. In the very first year 90 units will be produced, and in the second, 200. Some of the drawings, machine components, jigs and fixtures have already been transferred to Kolhapur. And last week, a batch of eight MPL engineers visited the Solna factory in Sweden. This time, the Swedes welcomed the Indians with open arms.

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GCEL

On a crest

Started 15 years ago by the government of Gujarat as a 100 per cent state undertaking, the company has created a niche in professional electronics. The savvy with which it is run should be an example for all public sector companies.

"I came to Baroda, a starry-eyed individual with a dream in my heart and a vision in my mind, to make sophisticated electronic equipment. In the first decade we were able to put Gujarat Communications and Electronics Ltd (GCEL) on the national map and I assume by the end of the next decade we'll be on the international map," says P. Madan, founder of GCEL.

Gopalaswami: crossing the Rs.100-crore mark soon

Today, GCEL has indeed created a niche for itself in the field of professional electronics in India, by manufacturing several monopoly items that were hitherto being imported. For the last four years, the company has been growing at an average rate of 40 per cent per annum. Against a turnover of Rs.20 crore in 1985-86, the current year's sales have exceeded Rs.74 crore. The company's present managing director, N. Gopalaswami, says, "In the next two years, we will definitely cross the Rs.100-crore mark."

Such confidence in the company's performance can only be understood when viewed against its history. Way back in 1974, when the government of Gujarat brought in Madan from the Ghaziabad unit of Bharat Electronics Ltd (BEL) to put Gujarat on the electronic map of the country, neither he nor the government had any idea of how to go about it. As a 100 per cent state undertaking, the entire financing depended on the government. Recalls Shah, "Though the company was formed in 1975 with a capital of Rs.5 lakh, two years of successive drought stopped all cash flow to the nascent company. It was only after 1977 that the state government started supporting us."

This was when Madan decided to confine the company to the professional electronics sector. When he approached the government for a licence to manufacture navigational aids, they pooh-poohed the idea, patronisingly recommending that GCEL stick to consumer electronics. "Scepticism about our venture into highly sophisticated electronics areas reigned supreme at the department of electronics (DoE)," says C.M. Thirumurthy, additional general manager, who has been with GCEL since 1977.

But Madan had an ace up his sleeve. Before approaching the government of India for a licence, he had already signed a memorandum of understanding with Plessey Radar of the UK for the technology transfer of instrument landing systems (ILS), which impressed the DoE very much. GCEL came back with a letter of intent to manufacture ILS equipment in the country.

Even today, GCEL is the only company in the country to manufacture ILS. Having supplied several to air force stations, its first test was at Goa airport, where the runway, between hills and the sea on each end, posed a hazard to pilots. Indira Gandhi's decision to host the CHOGM meeting at Goa gave GCEL very little time to install its first ILS. "That Dabolim airport is still using our ILS speaks for its performance," says manager C.L. Munjani.

Since then GCEL hasn't looked back. In retrospect, the decision to remain in professional electronics has stood the company in good stead. With an average profit after tax margin of 8.74 per cent over the last four years, it would have become very difficult for GCEL to hold its head above water in consumer electronics, where the private sector had already established the market lead.

Immense scope

Instead, GCEL decided to concentrate on national and specialised communications, which in a developing country like India seemed to have immense scope. In collaboration with Genelcom of Canada, it has manufactured extended range VHF (very high frequency) equipment. Ten such systems have already been supplied to the Director General of Civil Aviation. Borrowing the design developed by the Defence Research and Development Organisation (DRDO), GCEL has also developed a Commutated Aerial Direction Finder, a system to assist air traffic controllers guide combat or civilian aircraft to their destinations.

While navigational aids are still its forte, the company has also entered into communication and video systems. It has successfully engineered and is manufacturing UHF radio relay communication

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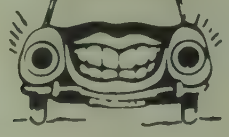

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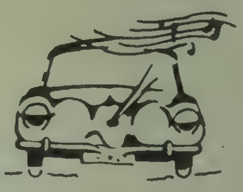

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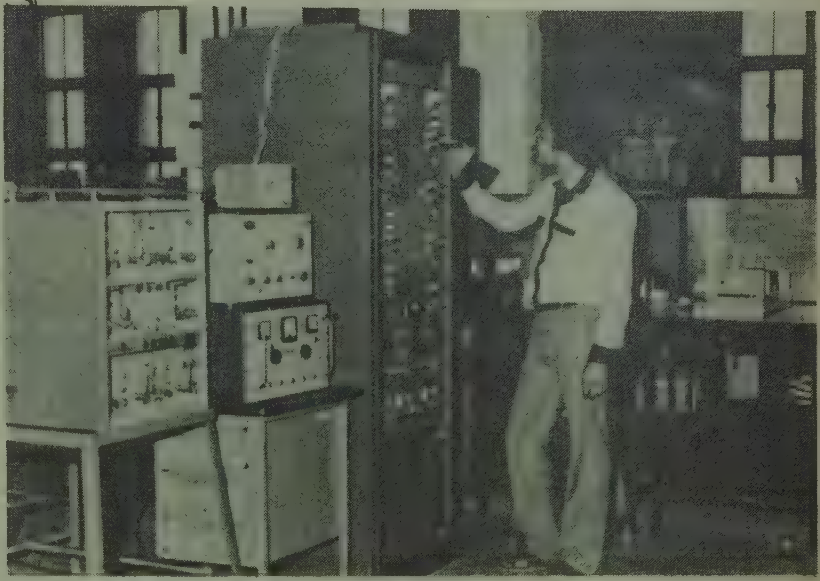

ILS: the maiden product

equipment in the 380-470 MHz and 760-960 MHz bands. These state of the art devices can provide up to 120 channels for communication. They have been used in turnkey contracts for the installing and commissioning of the Indian Oil Corporation's Mathura-Jalandhar pipeline communication project. Similarly, the company also successfully handled the needs of the IOC Asansol-Salanpur Spur link project as well as the communications system for Western Railway.

Furthermore, it has developed 30-channel pulse code modulation multiplex (PCM Mux) equipment with knowhow provided by the Telecommunication Research Centre (TRC) of the posts and telegraphs department. In collaboration with Italtel of Italy, GCEL has now also started manufacturing multi access radio telephone equipment (MART) systems for use in rural telephone exchanges.

Great dividends

As is evident, GCEL's strategy of borrowing technical knowhow from any source and exploiting it for production has paid great dividends. Explains Thirumurthy, "There is a vast reservoir of technical knowhow generated by the R&D work undertaken in various national laboratories. These are not fully exploited. We have been successful in tapping this source and have been able to convert sophisticated developments at the laboratory level into commercially viable products."

Using this approach, GCEL developed digital time base correctors, video processing equipment and data collection platforms for computerised weather forecasting from the knowhow obtained from the Space Applications Centre, Ahemedabad. GCEL today has an ongoing arrangement with defence laboratories to obtain microwave component knowhow for its communication programme.

And this is why the state undertaking has placed so much emphasis on its development and engineering division. Says Shah, "Right from Brigadier Madan's time, the company has placed great emphasis on manpower training. Starting from the nucleus of six highly qualified engineers he brought with him from BEL, Madan insisted on training programmes for graduates, SSCs, ITIs and even senior management."

When M.H. Patel, a technical assistant with the company, devised jigs (which test printed circuit boards) in-house, the company recommended him for the Shram Veer award. These jigs, which had hitherto been imported at a cost of Rs.5 to 6 lakh, would now cost the company only Rs.5,000.

In-house innovations in design like these have made GCEL a favourite with the government and public sector institutions. Nageshwar Rao, deputy manager of the development engineering wing, explains why the post and telegraph department was so delighted with his work — regenerator housing units. "The 24-repeater housing unit used by the P&T department in the old regenerators weighed 125 kg after packing. GCEL's design, using removable connectors and a single PCB, weighs only 20 kg after packing and is far more efficient, in terms of service as well as cost. It is the first of its kind in India and we've applied for a patent." That the product has fulfilled all the stipulations laid down by the department of telecommunications (DoT), which envisages a demand of approximately 2 lakh units in the next five year plan, will go a long way in securing orders for GCEL.

If in-house innovations helped GCEL gain credibility, Rajiv Gandhi's emphasis on expanding television coverage shot the company's fortunes through the roof. For the previous information and broadcasting ministry's special plan — expanding the TV network to cover 70 per cent of the population — GCEL undertook to manufacture and supply low power TV transmitters (LPT). Till 1988, it had supplied 95 LPTs to Doordarshan, to which it also became the sole supplier of more than 50 unattended 10 watt LPTs. Sales that year shot up to Rs.43 crore from Rs.23 crore the previous year.

Newer projects

The 1989 general election came as another boon to GCEL. Recalls Gopalaswami, "In March 1989, as part of the final year programme of the Seventh Five Year Plan, Doordarshan asked us to deliver 110 low power transmitters by October the same year. Working against a deadline that was made tougher by the non-availability of crucial ICs, we delivered not only all 110 LPTs, but also supplied them another 45 VHF transmitters." Turnover from sales and services in March 1990 reached Rs.74 crore, up by 37 per cent from the preceding year.

However, true to its philosophy of not keeping all its eggs in one basket, GCEL continued developing related electronic equipment. As most of GCEL's engineering is based on printed circuit boards (PCBs), integrated circuits (ICs) and electronic circuitry, "very little extra investment was required for most of our newer projects," comments chief (corporate affairs) and company secretary S.H. Shah.

As a result, the company has developed a range of video monitors, cameras and closed circuit TV systems for educational and industrial applications which have already been selected by the Indian Space Research Organisation for its Sriharikota missile range. It is also manufacturing professional grade videotape recorders for Doordarshan under licences from Robert Bosch GmbH, West Germany and Sony Corporation, Japan. GCEL video equipment was used by Doordarshan to telecast programmes during the Asian Games and the Non-Aligned Meet. Currently, it has also started supplying Doordarshan with electronic field production vans (EFPV), designed in-house, to record and simultaneously transmit programmes.

GCEL's Gandhinagar unit, which was inaugurated in May 1989, supplied more than 60,000 push-button telephones to Mahanagar Telephone Nigam Ltd and to DoT during the year. However, the demand for telephones during the year was much lower than expected. As against the estimated combined production capacity of 3 million telephone instruments of about 12 companies, the total demand was less than 4,00,000 instruments during the year. And with several new entrants in the field, competition has been hotting up. Chairman M.B. Desai admits, "In view of the demand constraint and the associated intense competition, the prices of these telephones have also drastically dropped in the open market." Gopalaswami estimates GCEL's share in the telephone market to be not more than 8-10 per cent.

A catalyst

But there are areas in which GCEL steals a march over its public sector competitors. Unlike BEL and ITI, GCEL has not invested in areas such as mechanical fabrication and PCB manufacturing facilities. Says A.S. Tavildar, head of D&E, "Sufficient technology is available for these facilities in the country. Accordingly, we restrict ourselves to areas like designing critical PCB and other higher level assemblies." This, as per the company strategy, acts as a catalyst in the growth of industrial infrastructure in Baroda and the surrounding regions. Today GCEL employs more than 160 small-scale ancillary units for several mechanical fabrications, thus providing employment to more than 1,500 people.

Designing PCBs: piggyback expansion

Apart from these, there are several projects in GCEL's pipeline that augur well for the company. Its data collection, storage and transmission sub-systems to collect weather data in remote areas and transmit them via INSAT to a central computer for forecasting is being tested by the meteorological department. Its flood forecasting system, that is successfully used for the river Yamuna near Delhi, has also earned kudos from the government. It has, in addition, been working on an avalanche warning system for the ministry of defence.

That GCEL's prosperity has mainly come from government department and ministry orders is beyond doubt. In fact, others in the professional electronics field — BEL and ITI (both 100 per cent central government undertakings) in particular — appear to resent the pampering of GCEL. Explaining the recent surfeit of government orders, R. Jagdishwar, deputy general manager (R&D) of ITI, Bangalore, adds: "There is a tendency among government officials to get very impressed by foreign names and collaborations. Unlike GCEL, which has technological tie-ups with foreign collaborators for most of its equipment, we make most of our communications equipment indigeneously."

Indigenisation plans

While it is true that GCEL's associations with reputed foreign firms have helped to swell its order book, the company has also been able to cut its costs. "When Doordarshan issued a tender for the urgent delivery of 12 transmitters, while we quoted a price of Rs.21 lakh, BEL's price was Rs.33 lakh. Needless to say," says Gopalaswami ruefully, "we both regretted our quotations." BEL, however, reduced its price when the anomaly was pointed out by DD officials.

GCEL's efforts at indigenising foreign technology has run parallel to its strategy. Tavildar says, "The technology for the FM transmitters required by All India Radio is quite complicated. While BEL has the knowhow available for it, from the renowned Rhode and Schwarz of West Germany, we at GCEL make it ourselves. The ILS that we make today is designed quite differently from what Plessey of UK originally supplied us." Modak is more critical: "In some areas GCEL has not assimilated foreign technology to the extent it could have, but by and large it has a good R&D team. After all, the nucleus of the company consists of engineers from BEL itself." Adds J.T. Patel, chief of materials management, "Our costs are low because of lower overheads and better materials management. The type of computerisation we have achieved in accessing data is unique in the field. This has led to quicker decisions and smaller communication gaps."

Compared to GCEL, both BEL and ITI are very large companies and have been in the field much longer. This does give them an edge over GCEL in some areas, but in others, the younger company gets the better of them. Telecommunications will certainly play a vital role in India's development in the years to come, and the future appears bright for this adolescent company. ■

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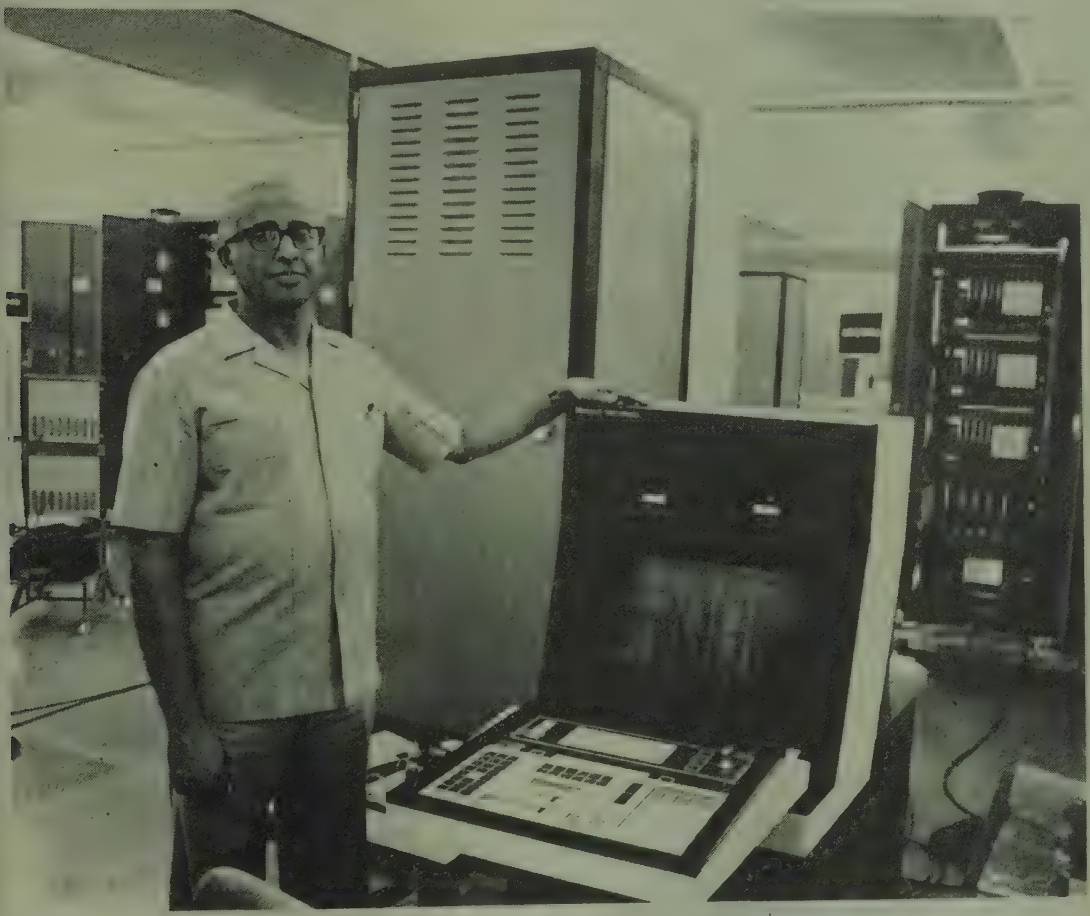
TATA HONEYWELL

Still on the ground

Despite the backing of a world leader like Honeywell, the company's performance so far has been dismal. While the future looks a little more encouraging, it is essential for the company to cut costs and build a strong marketing base to survive



Bhagwat: good start-off towards achieving breakeven with determined marketing

When two of the best names in business, namely, Tata Industries Ltd and Honeywell Inc, USA, decided to come together in 1987 to set up Tata Honeywell at Pune, expectations understandably ran high. The enthusiasm generated for the venture was reflected in the fact that the company's public issue in November 1988 was oversubscribed by over 100 times.

Right from the start, the company had several factors in its favour. It was entering the hi-tech field of process control and automation with the backing of a world leader like Honeywell. Its products found application in many fast-growing industries like steel, power, petrochemicals, cement, pharmaceuticals, etc. A survey carried out in 1987 by Tata Consultancy showed that there was a market of Rs.170 crore per year for its products. Tata Honeywell, keen to grab a slice of the cake, chalked out a strategy which began in mid-1987 and was to yield results by 1988.

But three years after getting the first order worth Rs.1.2 crore from Tata Electric's Unit No 6 at Trombay in 1987, the company seems to be as yet unable to get off the ground. Going solely by the financial data available so far, the company's performance has been dismal, to say the least. On an equity base of Rs.5 crore, it notched up sales of less than Rs.1 crore in the first 15-month period ended March 1989. However, the order book at the end of March 1989 stood at an encouraging figure of Rs.13 crore. Consequently, the performance was expected to improve during 1989-90. But once again the company just about managed a sales figure of Rs.1.09 crore in the first six months.

"We have one of the best trained manpower forces in the industry with 70 per cent of our staff being engineers," says Shyam Bhat, senior engineer, marketing. "We offer not only the hardware but complete systems design, engineering, customised software and comprehensive post sales support," he adds. That's not all. Their top of the line system, TDC-3000, incorporates the state-of-the-art in distributed control systems (DCS), a technology pioneered by Honeywell Inc. "Today there are 5,000 installations of TDC-3000 worldwide," adds Bhat. Despite these obvious strengths, the company has yet to make a dent in the Indian market after three years of existence.

What then has gone wrong? "First, their product was too sophisticated and perhaps a little ahead of its time in our country. Secondly, they probably underestimated the competiton," says S.T. Jog, a private consultant, trained in Canada in control systems. "There are today 14 to 15 companies which offer DCS technology in India, the major players being Instrumentation Ltd, Taylor Instruments, Yokogawa Keonics and Siemens.

On taking a closer look at the market, one finds that most of the large projects in petrochemicals, fertilisers and power are government sponsored. Hence, the largest chunk of the market in process control systems is taken by the public sector Instrumentation Ltd. Next in line is Taylor Instruments, a Birla company, which has been around for more than 25 years and therefore has an established marketing network. Siemens also has a strong presence mostly in the cement sector.

New entrants

In comparison, Tata Honeywell and Yokogawa are relatively new entrants, both having entered the fray in 1987. But they are known to be strong in the area of petrochemicals and fertilisers which accounts for 50 per cent of the market.

M.N. Bhagwat, president, Tata Honeywell, explains that though, in the first six months of fiscal 1989, the company's turnover was only Rs.1.09 crore, the second half has seen a substantial improvement. The results are yet to be officially announced, but according to preliminary estimates, "We have ended the year with sales of around Rs.12 crore," says Bhagwat. He explains the spurt in sales in the second half of the year, by saying that most systems taken up during the year were delivered towards the end.

Even with the vastly improved sales performance, the company will not break even and should report a loss of at least

Rs.50 lakh. Indeed, it is estimated that with borrowings having gone up to Rs.4.5 crore, the increased interest burden of Rs.35 lakh and depreciation higher by Rs.15 lakh would have strained the P&L account further. The accumulated losses of Rs.90 lakh, as on March 1989, have already wiped out a fifth of its equity.

The current year, therefore, would be crucial for the company. "Our breakeven will occur when we cross the Rs.15 crore mark, which would be this year," says Bhagwat. And the start-off to the current year seems to have been a good one. Determined marketing efforts have enabled the company to bag two of its largest orders very recently — one worth Rs.10 crore from Indian Oil Corporation and another of Rs.6 crore from the Tamil Nadu Electricity Board. The order book position now looks much healthier at Rs.26 crore and if Tata Honeywell can manage sales of Rs.25 crore or more it might just be able to wipe out all previous losses. Bhagwat is confident of achieving this target during 1990-91 and projects sales of Rs.40 crore plus, for 1991-92.

Stiff competition

This could be easier promised than performed with competition being at its most aggressive. Bangalore-based Yokogawa Keonics, promoted jointly by Blue Star Ltd, the Karnataka State Electronics Development Corporation (KEONICS) and Yokogawa Electric Corporation, Japan, has been giving Tata Honeywell a run for its money. Yokogawa, which also entered the Indian market in 1987, has performed better with estimated sales of Rs.17.75 crore during 1989-90. Its systems are medium sized and more suited to the Indian market. Yokogawa's CENTUM range of systems are quite popular and can handle up to 300 loops. (Very simply, a loop can be defined as an electro-mechanical circuit that controls one parameter.) Compared with that, Tata Honeywell's TDC-3000 has a maximum capability of controlling as many as 20,000 loops. This kind of sophistication makes it more suitable for large and complex projects. Even Taylor Instruments' MOD 300 systems cater to a control of upto 300 loops. Moreover both Yokogawa and Taylor offer single loop controllers for smaller clients, which Tata Honeywell doesn't offer.

Another factor in Yokogawa's favour is its aggressive marketing approach. "They give more information than you ask for and you get to know both the advantages and disadvantages of their systems," comments an instrumentation engineer. Another engineer of a user company which had shortlisted both companies for its project says that the final choice fell on Yokogawa because the system was cheaper but equally sophisticated. The Yokogawa strategy seems to be to grab market share even at the cost of profitability. This company too will report losses of Rs.55 lakh this year (accumulated losses as on March 1989 stood at Rs.1.39 crore).

Demonstration unit for training: highly trained manpower

The sluggishness in Tata Honeywell's sales could be explained by the fact that the company has been giving too much emphasis to training its manpower and not enough to manufacturing and marketing. In fact, even now manufacturing activity at the Pune plant is restricted to assembling and testing. Hence, there is no significant value addition. In order to improve margins, the company will have to step up indigenous manufacture and cut costs at all levels.

Realising the urgent need to boost sales, Tata Honeywell has introduced a smaller system more suitable for the Indian market — the series 9000 systems which can control 8 to 32 loops. With it, the company hopes to increase its market significantly. Another product line is building automation systems. "They are used for energy management in large offices, hotels, airports, etc," says Raj Manglani who is in charge of projects. "We have already bagged our first order worth Rs.45 lakh for a hotel in Russia," adds Bhat. The market for these systems is in a nascent stage in India. On the other hand, there is little competition at the moment.

With this new orientation, the future looks a little more promising. Another encouraging fact is that several Tata projects which were delayed for one reason or another, are likely to be taken up again. The modernisation of Tisco and Tata Fertilisers are two such projects which, taken along with other orders currently being negotiated, amount to Rs.8-10 crore in potential sales.

However, in the long run Tata Honeywell has to rely less on the reputation of its promoters and more on cutting costs, overheads and building a strong marketing base, to survive in an industry where competition is only getting keener each day. ■

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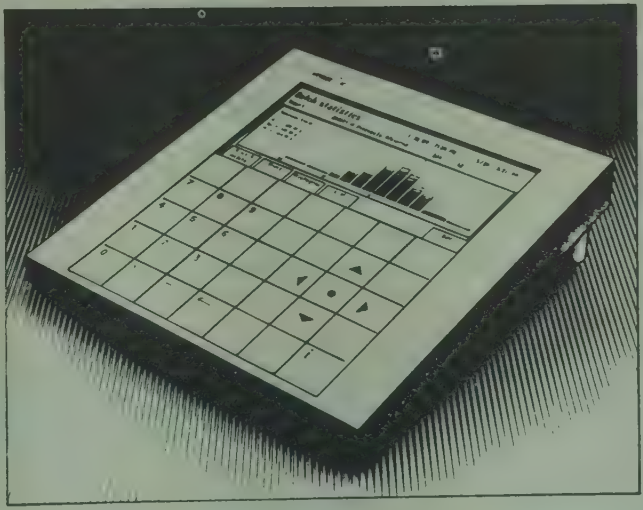

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APEX 90223

DAMS

Too big or not too big?

Among the issues thrown up by the controversies surrounding the big dams, is the benefits accrued from them. Are the colossal investment, lengthy lead time and ecological problems worth it? And have viable alternatives been overlooked?

N.D. Jayal, ex-bureaucrat turned ardent environmentalist, loses some of his vigour when confronted with the question: "What do we do for electricity?" Conversely, energy advocates are a little stumped when asked: "can you really compensate, socially and environmentally, for every man dishoused and every forest destroyed?"

At the moment, with the shadows of Tehri and Narmada looming large, the focus has shifted from the issue to the players in the game. The energy department has called the greens 'so-called' environmentalists and the latter have dubbed the energy ministry, quite aptly, the 'power' brokers. That we must use our river waters, which otherwise would just flow into the sea is clear. And the two benefits from rivers are irrigation and electricity. But the primary contention is whether there really is an alternative to large dams.

Large dams raise large issues. They require colossal investment, take long years to yield dividends, pose a greater threat to the ecology, and, simultaneously, feed megawatts into the national power grids. Studies conducted by opposing groups have predictably given contradictory indications as to how viable our large dams have been, both socially and economically.

Basically sound

In 1964, the Nijalingappa Committee recommended that only those projects with a cost-benefit ratio of 1.5 or above (the benefits — including interest and depreciation — to accrue should be one and a half times the input cost) should be pursued. Though this was a purely monetary criterion, with little accounting for social costs, the idea was basically sound because it determined whether or not precious public investment was likely to yield commensurate returns.

Between 1951 and 1987, the country has invested over Rs.16,800 crore in hydel projects — about 10 per cent of the total public outlay. But, unfortunately, the planning commission has never carried out an ex-post-facto assessment of any of them to determine whether the proposed gains were actually realised or not. In this context, the performance of large and medium dams must be judged using other empirical data.

Just before a project gets the go-ahead, a detailed project report (DPR) is prepared. This is supposed to be the final word on the design of the dam, its cost estimate and the schedule of construction. There is enough evidence on record to show that most of our hydel projects have been way off the DPR, especially where costs are concerned. A report prepared by the ministry of irrigation in 1973 entitled "Rise in costs of irrigation and multipurpose projects" highlights this.

The average rise in cost of 64 large and medium post-Independence dams was 108 per cent. According to the report, inadequate investigation at the initial stages, changes in design and additional requirements even after the DPR had been prepared and approved, were the reasons for the cost overruns. Most conspicuously, the construction schedules in the DPR had become almost farcical. In fact, the then prime minister, Rajiv Gandhi, expressed his displeasure at this lack of performance in 1986 when he said, "The situation today is that 246 big surface irrigation projects have been initiated since 1951. Only 65 of these have

The Maithan dam: most hydel projects cost much more than estimated in the detailed project report been completed, and 181 are still under construction. Perhaps we can safely say that no benefit has come to the people from these projects."

An example

In his report last year, the Comptroller and Auditor General (CAG) underlined this with the telling example of the Salal hydro project. It was approved in 1970 and begun with costs projected at Rs.55.15 crore. The planned three units of 115 MW each were lackadaisically constructed. By 1978, the cost was revised to Rs.225.15 crore. Work trudged along till, in 1983, it was re-revised to Rs.490 crore. Finally, in March 1987, when the project was nearing completion, Rs.519.4 crore had been spent — almost a 1,000 per cent increase in cost with just one unit ready to function!

Predictably, the government never computed the real cost-benefit ratio at the tail end and the crucial issue: "benefit for whom and at what cost?" has been left to the imagination of one and all.

The story of Salal has been repeated time and again. In all cases, the real benefit component, taking into consideration the astronomical increases in capital input at a later stage, has never been computed, perhaps out of fear that it would discredit the government. It can safely be assumed now that the initial "benefit" factor in the DPR would be nowhere near reality when the project was actually complete. This is why there is a well-grounded suspicion that the cost-benefit ratio of 1.5 is seen as a mere formality, and is computed merely to satisfy the requirement.

The one exception would be Bhakra-Nangal, which heralded the expected economic boom in agriculture, created more employment, and has for the last 35 years generated almost uninterrupted electricity. In contrast to all its successors, Bhakra-Nangal, which was built with American help, was constructed to schedule — the main dam was built in júst eight years between 1955-63. Vijay Paranjpye, the economist who has made detailed studies of several hydel projects, says, "Something went wrong after that. Projects were taken up in a frenzy. The increase in numbers of large-scale dams led to dilution in technical rigour and impartial assessment based on genuine needs."

This gives rise to the inevitable question: is the economic unviability of our large dams solely due to managerial inefficiency? And does one solve the problem merely by asking for foreign help in turnkey projects? The answer has to be 'no' because of three factors: the steep cost of satisfactory rehabilitation, the enormous social cost in terms of forest degradation, and the risk element associated with dam failure. The question cannot be reduced to just good versus bad dams.

Anti-Narmada dam protest: benefit for whom, at what cost?

As for the continuing viability of big dams, the two aspects of power and irrigation can be viewed separately. Most major irrigation dams require a substantial investment in minor irrigation works (such as canals, piping systems, well-deepening) if they are to be effective. Further, minor irrigation works carry a substantial maintenance and operating cost component as well. The normal tendency of government irrigation departments is to build the major irrigation project and leave the minor ones to contractors who usually get away with substandard works. The village of Bamanbor in Gujarat's Surendranagar district is a typical example. The irrigation dam constructed there in the late seventies has never watered a single hectare because the irrigation canals that should lead the water to fields were never completed.

The policy implication is clear. Instead of spending resources on irrigation dams, it makes sense to invest most of the funds on minor irrigation projects that will increase the productivity of large dams that are already in place.

Healthy mix

The only argument which counters this is the need for power. Hydro power today accounts for 18,100 MW — about 30 per cent of the overall electricity generation. In a report prepared last year, the energy ministry "regretted" the fact that the share of hydro power was declining from a peak of 45 per cent at the end of the Third Plan period to an anticipated 27.7 per cent in 1995. They had then calculated a healthy mix between hydro and thermal to be in the ratio 40:60.

This then is the crux of the issue for our planners. Even if smaller dams are more effective for irrigation, what do we do for power? Some officials in the central electricity authority admit that if the power component of big dams were to be computed alone, their economic unviability would become obvious. Some even suspect that the irrigation function of such projects is invariably shown as a 'super benefit' merely to boost the cost-benefit ratio above the mandatory 1.5.

Afterthought

A case in point is the Tehri dam for which the authorities have refused to work out figures of power generation. In fact, the irrigation potential of Tehri was included almost as an afterthought to show cost-benefit ratio of 3.58. Independent analyses of the Tehri project now show that the cost of electricity will be as high as 74 paise per unit.

Can smaller hydel projects be relied upon for power too? Perhaps, but our energy ministry would never agree. Traditionally, they have believed in the 'big is beautiful' concept. In the Eighth Plan proposal which is now with the environment ministry, only nine out of 41 projects are below the 40 MW output figure. The central electricity authority says its statistics prove that bigger dams are more economical. According to it, even if the plant load factor for small dams is the same as that for bigger dams, civil construction economics and maintenance overheads make smaller dams much less efficient. Also, setting up ten projects of 40 MW each has (in its experience) cost more than one 500 MW unit.

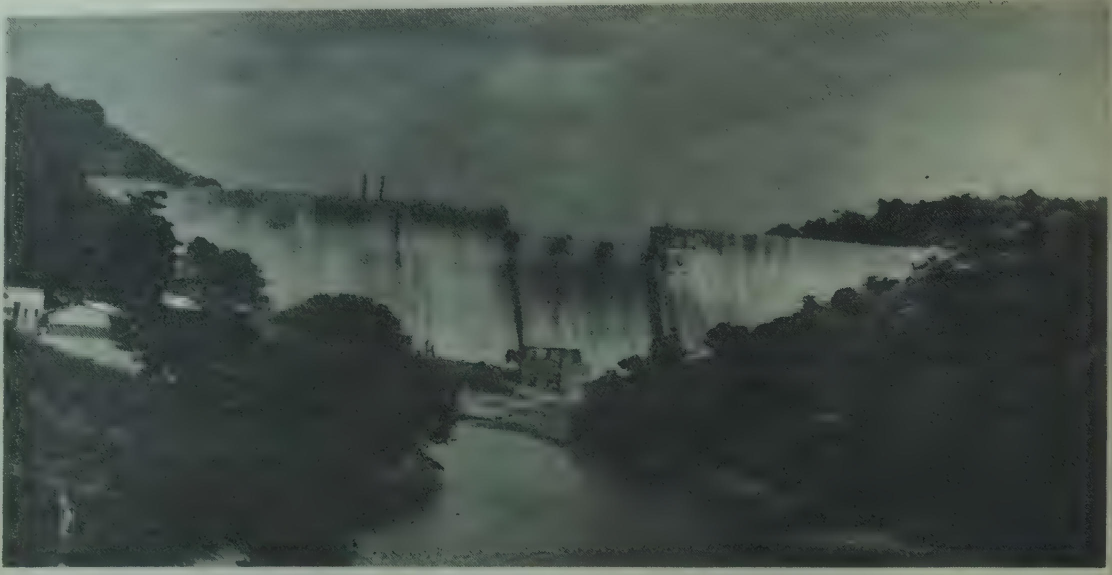
This contention is suspect for two reasons. First, the cost of producing one unit of electricity from big dams has invariably been shown by the government to be between 40 and 48 paise. But when one takes into account "real" capital inputs which went into the project (ignored by the DPR) this figure rises to a more sensible 70 to 75 paise.

Second, the obsession with big dams has given our planners little exposure to, and experience in, smaller hydel projects. It may therefore be premature to say that cultivating smaller dams will be economically less viable, especially when the 'run-of river' power generation option is considered. In this scenario, power can be generated even without the dam from fast-flowing rivers like the Tehri and the Bhagirathi. Instead of a high dam with a large reservoir — which is environmentally and socially risky — run-of river power generation requires a turbine activated by the water flow and is possible for generating power even with variable water-flows and low capacities (as low as one megawatt). Further, it has low maintenance costs, is highly efficient (input-output ratios average 80 per cent) and would prevent ecological damage

Remarkable results

In China, for example, a sustained effort at small hydro power (SHP) has shown remarkable results. In 1949, SHP accounted for just 2 MW. Today the installed capacity is 8,500 MW, an increase of over 4,000 per cent in 34 years. The total exploitable potential for SHP in China was estimated at 70,000 MW. In the late sixties and thereafter began the sustained effort at exploiting the river potential locally. Today, China has more than 80,000 small and mini hydel stations, which together provide nearly a third of total rural consumption.

In the Chinese system, SHP construction costs were mostly borne by local organisations which would ultimately consume the power generated. Government subsidy seldom exceeded one-third of the total cost. According to the Schumacher Institute, which studied SHP units in China, the investment per unit of electricity was 50 per cent less in SHP as compared to large or medium scale hydro stations. The institute rated China's experiment as a mini-revolution and adjudged it as one of the best methods by which developing countries could generate power.



Smaller dams: more viable in the long run

The cost-benefit ratio concept lends itself only to those parameters which are marketable — those which can be realistically valued monetarily. With awareness of the environmental and social costs of development growing, the old calculations will doubtless change. According to the environment ministry's guidelines, the recurring value of one hectare of a mature forest is Rs.1.27 crore a year. The social costs of rehabilitation have shot up: the average price of rehabilitation, which stood at 5.5 per cent of the project cost in 1978, is now closer to 11 per cent.

Life of the dam

The reason for this is that the area inundated (the reservoir) increases exponentially with the height of the dam — raise the height of the dam by 50 per cent and the reservoir area quadruples. Yet another consideration is the life of the dam which is determined by the reservoir. As the dam ages, silt accumulates in the reservoir and the depth of the water decreases. A stage is finally reached when the silt reaches the mouth of the tunnels which carry the water to the power generators, signalling the end of the dam's life. The rate of siltation which decides the useful life of the dam has always been a subject of controversy. At Bhakra-Nangal, siltation has taken place faster than anticipated. In Tehri, while the authorities estimate the dam life to be 160 years, siltation figures from the government itself show that the life would be closer to 64 years.

That a fresh set of economic indices is needed is now obvious. These will warn us of the dangers, or make clear a project's usefulness at the initial stages. Minister of state for environment, Maneka Gandhi, told parliament recently that the rehabilitation cost of the Narmada dam project together with that of environmental degradation (area inundated, forest cover lost and intensive salination) would be a whopping Rs.33,000 crore! The 1964 concept of a cost-benefit ratio of 1.5, therefore, is hopelessly outdated.

Combining all these losses would indicate that, in the long run, bigger dams are going to prove less viable than the smaller ones which entail minimum 'movement' of both forest and human settlements. And there are two more incontrovertible facts. First, India has the second highest incidence of dam failure in the world, registering a percentage of 9.2 as compared to the world average of 5.9 per cent (as given by the international commission on large dams). Between 1900 and 1980, some 40 dams have collapsed or failed in the country.

Second, our dams have miserably failed to do one of their primary functions — flood control. Even though we have constructed hundreds of medium and large (30 metres high and above) dams, the total area liable to be flooded has increased from 32 million hectares to 60 million hectares, proving these structures a failure.

It is up to our planners to take notice of the changed conditions, to apply the brakes on superprojects and to be more generous to minor hydel and irrigation projects.

■

R.S. VENKATESH

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Globalisation of Indian business

J. RAO

Indian industry has been a hot-house plant for too long. This legislated absence of competition has relegated us to the ranks of second rate economic powers. We need to hurry if this is not to become a permanent and irretrievable situation. In a global battleground where the stakes are high, managerial inputs are perhaps the only key to achieving global eminence.

In order to move out of the inward-looking, protection-based, small scale and large margin environment that we have become comfortable with, we as a nation need to do much more, especially in the area of management education.

Given the will and the focus, apparently intractable and difficult problems are curable with managerial medicine and efforts. Instead of complaining about constraints all the time, one should aim at converting constraints into variables and opportunities. Clearly, any major effort will have to be multi-pronged.

Assuming that our eclectic blend of theoretical course work, case studies, library assignments and field studies continue to be the key pedagogical methods, the suggestions made here are directional and illustrative, not complete or rigid in their contours.

Go international

Our cases must become more international. It is true that India is different and therefore applications of different theoretical concepts need to be moulded to the Indian environment. But, in the process of making our stock of Indian case studies, we have forgotten that people and economic problems are fundamentally the same in different countries. Further, if markets become global, purely national case material will lead to parochial discussions and analysis.

For the average Indian management student today, it would be disastrous not to understand the relative failure of Philips in the consumer electronics area, or the factors behind Kenya's success in the global tea market. Such knowledge provides the basics for competing in the global village. It is in this context that we must revisit our current obsession with Indian cases and redress the bias to some extent.

We also need to strengthen the theoretical foundations of our syllabus. The core courses, which should be compulsory, in the traditional first year programme of a two-year MBA, need to focus a great deal more on basic micro-economics and price theory. One of the problems with most MBA programmes is that students are able to cleverly choose a variety of 'soft options'; they can complete an MBA without having to deal with the framework and paradigms of basic theories.

There is no point in teaching marketing courses unless the basic discipline of indifference curves is understood. This requires strong grounding in price theory. Management education has got to be seen as an application of social sciences, be it economics or sociology.

That is not to say that specialised courses, electives or concentrations in the MBA programmes should be abandoned. But we need to emphasise to all our students several old fashioned but imperative points like, 'advertising cannot sell a bad product at the wrong price'; 'it is impossible to motivate workers who have full job security and where reward systems are fully linked to seniority'; and so on.

Magic wand

We would be misleading our students if we give them the impression that advanced courses in management constitute a magic wand or spell with which fundamental economic and social behaviour patterns can be altered. Too often theory is frowned upon; 'being too theoretical' is virtually an insult.

We have to fall back on simple time-tested theories because they happen to describe with fundamental clarity the nature of the human response — average and aggregate — in different situations. Low prices will create scarcity and shortfalls; high prices will create surpluses. No manager can change that. If at the end of a series of courses which emphasise the core disciplines, we leave our students in love with theory not for its own sake but with an understanding of the theoretical bases which set the constraints and opportunities for their actions, we would have achieved the purpose of including solid theoretical core material in our MBA syllabus.

Apart from this, we must pay increasing attention to basic techniques and operating details. Accounting was, and probably still is, considered a trivial occupation unfit for managers. A similar contempt exists for areas like logistics and shop floor management. The result is that modern MBAs are unable to handle the nitty-gritty of business.

It is interesting to note that successful countries like Japan, Korea and Taiwan do not have strong traditions of management education. They prefer engineers and accountants because of their obsession with excellence in the day-to-day details of running a business. This is not to say that we need to abandon our management institutions, but we certainly need to puncture certain long-cherished notions and re-emphasise to our students that in the absence of sound knowledge of the techniques and languages that are key to the business world, they cannot be

The author is chief executive of Citibank, India. The views in this article, excerpted from a paper recently presented at a colloquium on management education, are his own and do not reflect those of his employer.

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One solution to this problem is to make grade point performance in these basic courses a prerequisite for graduation. By using networked computers and encouraging each student to use PCs, many of these courses can be made less of a drudgery and classified as 'information processing' courses, thereby increasing their popularity. This will lead to a significant improvement in the quality of our management graduates.

Performing with excellence

The first value that management education in India needs to emphasise is 'executional efficiency': it is not sufficient to do something, it is imperative to do it with excellence, in a manner that is comparable to the best in the world. We must drop the 'government agency' culture where both poor quality and delayed delivery are acceptable, as long as the right procedures are followed in calling and accepting tenders.

Executional efficiency is the exact opposite of this way of thinking. To convey the importance of this in our environment is an uphill task. Management institutes must concentrate on this, because in its absence India is doomed to be a second rate economic power.

Too often, when we discuss America and Europe, we forget that in their advanced economies, executional excellence is taken for granted. In our country, on the other hand, the likelihood that a machine will work or that a particular public service will perform as promised, is extremely low. We are then prepared to accept compromises and are willing to settle for second or third best. Also, in our own domestic market our customers may be willing to accept a few days' delay, a little disappointment in quality or a change in price, but customers in the global marketplace have plenty of choice and they will not accept less than the best.

Executional efficiency is a value, and not a technique or concept that can be taught in business school. It is something that needs to be communicated subtly, constantly, so that it gets imbibed over a period of time. If our current educational system succeeds in conveying the importance of this value to its students it would have done the country a great service in its progress towards global economic eminence.

The second value which is increasingly becoming important is 'team work'. While individual brilliance is essential, its importance as a determinant of success in the global market is decreasing. The ability of complex teams of people — from R&D, production, marketing, finance and other functions, and often based in different geographic zones — to work together as one in delivering products and services to the global marketplace is what matters most.

Traditional academic university education with its emphasis on individual performance, grades and honours is not necessarily the best environment in which to train team players. One way out of this is to increase the number of group projects and create an environment where people learn to work together, rather than in isolation. It is important, in the management school environment, that team work is not positioned merely as a value that is ethical and desirable, but as a fundamental necessity for successful competition in the global market.

Again, team work is not confined to a single organisation. The Japanese have demonstrated that close co-ordination with vendors, suppliers and agents — all constituents — is as important for global success as harmonious internal working. Companies who have poor air freight agents or distributors will be doomed in the global marketplace. In the Indian context, companies may have managed for many years with poor distribution setups, but the moment they enter global markets they have to bid goodbye to this luxury.

There is a strong correlative relationship between team work and executional efficiency: executional failures are usually the result of a team's inability to work together in an efficient and responsible manner. Team-building skills derived from behavioural science disciplines are the key to understanding this value.

Conscious decision

Many of the points made here may appear old fashioned, trite and simplistic. So why bother to make them? They bear emphasis simply because we have consciously decided to increase our participation in world economic activity.

Jawaharlal Nehru said that by becoming inward looking and choosing to ignore developments in the outside world, medieval India cut itself off from fresh thoughts, inspirations and ideas. The incestuous and inward-looking society that emerged was too weak to withstand the shocks of external contacts when they finally came.

The fact is, given the evolution of transportation systems and communications technology today, it is impossible to be purely domestically focused anymore. Whether we like it or not, markets for virtually all goods and services are global. What is more alarming, is that markets for capital, technology and even labour — certainly managerial and technical labour — are fast becoming global. We cannot boast of market share positions within national boundaries.

Needless to say, the remaining ten years of this century are bound to be exciting and interesting; but they are also bound to be difficult for those who are unwilling to make difficult choices and seek large horizons. And in such a milieu, let it not be said that Indian management education failed to rise to the challenge of globality.

Any way you look at it, you get a great deal!

Look at it this way...

The Majorda Conference Deal offers :

- Goa's largest Conference and meeting halls – to seat upto 400 people.
- One of Goa's only two 5-star deluxe hotels.
- 110 luxurious rooms and cottages.
- A fully equipped gym, with steam and sauna baths.
- Tennis and Squash courts.
- Billiards, table tennis, carrom.
- Hammocks under swaying palms.
- Water sports. Indoor and outdoor swimming pools.
- Campfires by night. Bar-be-ques.
- Excellent cuisine: Indian, Continental, Chinese, Goan.
- Fenis, wines, spirits, cocktails.
- The friendliest staff with high standards of efficiency.

Majorda
Beach Resort, Goa

Or this way:

The Holiday Inn Deal offers :

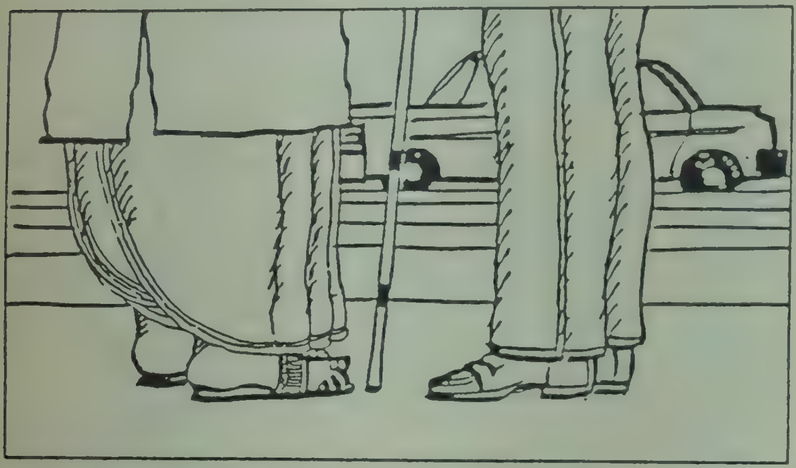
- Senate Room for Board Meetings
- Regency Hall with sliding soundproof partition
- 210 guest rooms including suites and special Executive Floor
- Holiday Club
- 2 swimming pools and tennis court
- Exclusive Executive Centre with every modern secretarial and communication facility
- Choice of 4 restaurants and bar offering a variety of cuisines
- Ideal location — just 15 minutes from airport and a short drive from the industrial zone

Information and bookings from
Majorda Beach Resort, Goa.
Tel: 20751/52, 20203/04, 20025/26, 20123/26.
Tlx: MBR 196-234
Bombay: Holiday Inn, Tel: 6204444, 6202398.
Tlx: 011-78411/78404 HOLI IN
Fax: (0091-22) 6204452.
Ahmedabad: Express Travels,
Jivabhai Chambers, Ashram Road. Tel: 448602
Bangalore; Tel: 269451, 267931.
Tlx: 845-8668/2354 MACH IN.
Calcutta: Tel: 412009 Tlx: 021-5421
Delhi: Claridges Hotel. Tel: 3010211
Tlx: 031-65526/62898 CLAR IN.

Holiday Inn*
BOMBAY

AD PALACE MBR 2/90

JANASATTA READERS



JANASATTA - AS SEEN THROUGH THE EYES OF THE READERS

Scan the pages of Janasatta. What sets it apart from other Hindi dailies?

At first glance, it is the high quality printing enhanced by a sleek layout.

Delve deeper.

Study the topics covered. Spanning international, national and state issues.

Pertaining to environment, health, social problems and sports.

With an aggressive political and social stance.

IN THE NEWS

Right from the start Janasatta has been in the news. For its innovative approach.

It was the first newspaper to introduce colloquial Hindi into journalism.

Breaking away from the established formal style of literary Hindi.

Increasing the proximity between the reader and the newspaper.

Another aspect that caught the imagination of a new generation of readers was the journalistic style.

Candid and straightforward.

With indepth and authentic reporting.

Exhaustive and well-researched features.

And its ability to single out topics close to the reader.

Satish Sud Graphics

REVEAL JANASATTA

TABLE I

READERSHIP PROFILE OF DELHI READERS

PUBLICATION	Dainik Hindustan	Janasatta	Navbharat Times	Punjab Kesari
READERSHIP	(2.32 lakhs)	(2.28 lakhs)	(11.35 lakhs)	(4.93 lakhs)
AGE (yrs.)	(%)	(%)	(%)	(%)
15 - 24	38	43	41	35
25 - 34	38	25	31	31
35 - 44	15	22	15	18
45 +	9	9	12	16
EDUCATION				
Below SSC	48	43	48	47
SSC & above	28	27	30	26
Grad/Post G.	23	31	22	27
INCOME (Rs.)				
Upto 750	3	1	5	3
751 - 1500	24	12	21	25
1501 - 2500	53	43	36	38
2501 - 4000	14	27	24	24
4000 +	7	18	14	9
OCCUPATION				
Industrialists/Traders	22	38	15	21
Housewives/Non worker	14	18	26	3

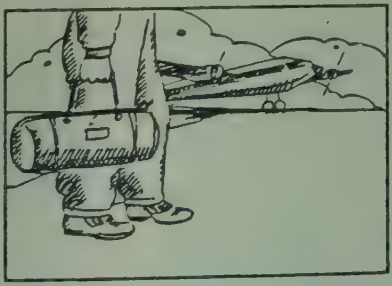
Source: ORG-NRS '89

THE JANASATTA READER

Take a look at Table I. It focuses attention on the Janasatta reader in Delhi.

AGE - He is young, comprising the decision motivators.

INCOME - Janasatta has the highest percentage of readers in the Rs. 2501 + category.



The affluent readers.

OCCUPATION - 38% of the Janasatta readers comprise the Traders and Industrialists.

WHO'S MAKING THE BIG MONEY?

The trader of today is a far cry from the traditional, dhoti-sporting man who had the money but did not spend it.

Frugality was a virtue he held dear.

Today's trader and small scale industrialist - better known as the 'enterprising entrepreneur', sports a different personality.

Marutis, credit cards, designer shoes and jeans are just some of the 'essentials' he is accustomed to.

He has the money. He likes to spend it.

Research data of income levels or ownership assets may not reflect the reality.

But observation will.

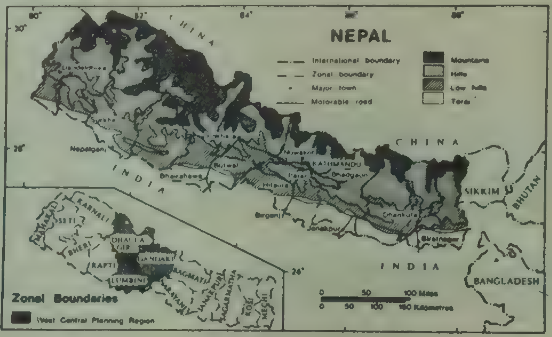
This is the new generation, Janasatta reader.

Readers who have faith in their paper. Readers who remain in-touch, informed and involved through Janasatta.

जनसत्ता

Nepal: new equations?

After thirty years of monarchy, democracy burst forth in Nepal this February. But the euphoria was tempered by the tensions between India and Nepal on the trade and transit treaty. Saddled with a severe economic crisis, the interim government has clearly indicated its desire to repair relations


NEPAL
CHINA
CHINA
INDIA
INDIA
SIKKIM
BHUTAN
BANGLADESH
KATHMANDU
Nepalganj
Bhairahawa
Butwal
Patan
Bhadgaun
Hitaura
Birganj
Janakpur
Dhankuta
Biratnagar
International boundary
Zonal boundary
Major town
Motorable road
Mountains
Hills
Low hills
Terai
0 50 100 Miles
0 50 100 150 Kilometres
Zonal Boundaries
West Central Planning Region
MAHAKALI
SETI
KARNALI
BHERI
RAPTI
DHAULAGIRI
GANDAKI
LUMBINI
BAGMATI
NARAYANI
JANAKPUR
SAGARMATHA
KOSI
MECHI

In a transparent attempt to woo India, the interim government of Nepal has taken three major decisions: it has cancelled all arms contracts with China; it has promised to reduce tariffs on Indian goods; and it has decided to lift the order requiring work permits from Indians working in Nepal. The second and third are to be implemented within 24 hours of even a temporary understanding being reached between the two governments, Krishna Prasad Bhattarai, the acting prime minister, told *Business India*. The interim government comprising the socialist Nepali Congress and the United Left Front has already reversed the deal King Birendra made with China last year for the purchase of anti-aircraft guns.

Bhattarai had already indicated to the Indian government that the new dispensation in Kathmandu would be inclined towards the *status quo ante* of the 1950 trade and transit treaty between the two countries, which expired on 23 March 1989, till a new treaty is worked out. But New Delhi is reluctant to restore the old relationship. Senior Indian bureaucrats see this as the ideal time to use the precarious political situation in the landlocked Himalayan country to wrest a major security advantage for India. Indeed, King Birendra's sudden warmth towards Beijing last year, out of which arose the deal for anti-aircraft guns, had evoked considerable displeasure in Delhi.

At the time of going to press, the Nepalese prime minister was due to arrive in Delhi. External affairs ministry sources expect India will agree to open up only a few more transit points. At present only Jogbani and Raxaul, both in eastern Nepal, are open, a situation which has remained unchanged since the impasse. Both countries had applied MFN (most favoured nation) tariffs to bilateral trade. Thus Nepalese exports, earlier ex-

WE WANT DEMOCRACY

Pro-democracy demonstrators: foundation of the new regime

"Panchayat is buried fathoms deep"

The interim government of Nepal has taken major decisions to appease India. Acting prime minister K.P. Bhattarai talks to Ruchira Gupta of Business India *about the positive steps taken to improve relations with India*

Immediately after your appointment as prime minister, in your briefing to the press, you said your first priority was to tackle the economic differences with India. What have you done so far?

Yes, that is my first priority. The economic hardships of my people is the reason why I am in this seat. I have to keep their faith and this I can do only by ending the stalemate so that prices become more realistic. I have already sent feelers to the Indian government for *status quo* on the old treaty till a new one is restored. So far they have not said anything. I am visiting Delhi on 8 June. I hope I return with happy news.

How have you prepared for the talks in Delhi?

I have informally informed your ambassador here that I have cancelled the arms contracts with China, though China was selling us those guns for one-fourth the price India was giving it to us for. Also, I have assured the ambassador that work permits for Indians will be waived and trade tariffs reduced once an agreement is reached.

I guess that is going a long way. I hope India responds positively. After all, our countries can never have conflicting interests; our interests are mutual.

empt from Indian tariffs, now became subject to the Indian MFN customs duties — typically in the 100-150 per cent range. This halted Nepal's export to India.

Trade suffers

More serious, since trade over surface routes with India was restricted to only two border points as against 16 before March last year, it was not just trade with India but also third country trade through India that was affected. Movement between western and central Nepal, which took place through India was equally hampered thus causing severe shortages in the west and unmarketable surpluses in the east.

Inder Kumar Gujral, the Indian external affairs minister, is non-commital at this stage. "We will discuss all matters with Mr Bhattarai in a very friendly and co-operative fashion." He added that India was "only disturbed about the security of Indians in Nepal and about defence considerations." Both points have been conceded by Nepal. But India wants more.

A source in the Indian embassy in Kathmandu said New Delhi wanted Nepal to permit Indian troops on checkposts along the Nepal-China border. It also wants an assurance from Nepal on the defence front, which Bhattarai is chary of conceding. Second, India wants complete free-

Do you personally feel alienated from India after the impasse?

How can I? I fought for the freedom of India, I was jailed, but her freedom meant my own freedom. That is why I was part of the Quit India movement. Now India must help the freedom struggle of Nepal by supporting us.

Do you know that when I lived in Benares I used to swim for four hours a day in the Ganga? I could swim across the river. Those days I was in the Benares Hindu University. I remember Flury's of Calcutta, where Dr. Ram Manohar Lohia, Balkrishna Gupta, a former Rajya Sabha MP, and I used to have endless cups of coffee. There was Marble House in north Calcutta, where the plan for the Nepali Congress was formulated. And then there was the *paanwala* on Park Street; I'm sure he still remembers me.

Dr. Lohia and Mahatma Gandhi are my inspiration. They are also the two names mentioned by your prime minister in his opening address to the nation. So we are ideological comrades; he has to help us.

But what is your perception of India vis-a-vis China?

We can never lean toward China. We are geographically and, more important, culturally closer to India. We are Hindus too, we have the same birth and death rites, we have the same gods. Where is the difference? We take inspiration from the Himalayas too — only we are physically closer. The Pandavas came here to die. It is only a few bureaucrats who want to divide us. But your leaders believe in democracy, so they should help our democratic government.

If you are so keen to restore friendly ties with India, why don't you agree to the Indian government's conditions?

I am only the interim prime minister. I do not have the legal standing to sign a long-term treaty. It is for the elected government to thrash out its own treaty. I have no right to do so.

Have you spoken to any Indian authority about this?

Yes, to your ambassador and foreign minister. Your ambassador said that when I came to India I would be put up at the Rashtrapati Bhavan, given a salute by all the services and, if Parliament was in session, I would address both houses. I told him that this is not the reward I want. I am not pursuing these sort of trappings. Ultimately, I have to keep my word to the people. God is watching me and I have to show him that I am true. So I have to keep my word and try to ease my people's burdens.

Do you think the king may make an attempt to overthrow your government once some sort of agreement with India is reached?

We have to be alert all the time.

Your remark — that the king is a gentleman — led to a controversy. Why did you praise a man responsible for the chaos in your country and against whom you have been agitating?

My remark was misconstrued. The king had just acceded to all our demands. I had taken a few steps out of the room when some reporters accosted me. How could I call him a rogue or a scoundrel just then? For the time being we need him to check the instability in Nepal.

What are your feelings on becoming prime minister?

The more I see of man, the more I love dogs. Two hundred people have come to see me since the morning and not one for a pious reason.

What will the economic policy of your government be?

It is too early to say and ours is only an interim government. But broadly it will be a mixed economy with an emphasis on the private sector. That is the only way out. State-run units are not so efficient.

What about defence production? Will you allow the private sector and Indians to invest in that area?

Why not? The Krupps are more than successful in West Germany. And so are the Arabs.

What would you consider to be your greatest achievement?

The burial of the partyless panchayat system. We have buried it fathoms deep. It can never rear its ugly head again.

MODI THREA

ear Friends,

gives me great pleasure to welcome you to the Sixth Annual General eeting of your Company. It is my privilege to present the Sixth Annual port and review for your kind consideration. This year we have consolidated r position as India's first Haberdashery Company. The turnover has increased mmendably, promising an encouraging growth pattern.

UNDAMENTAL OBJECTIVES

augment the industrial development of Indian economy with the firm nviction that international technology and knowhow exchanges are nducive to greater prosperity and interactions between different companies, activities at Modi Threads whether of a policy or technical collaboration, ek to promote export, create job opportunities and to make India a self fficient and a self reliant country.

e are striving to create economy systems based on the principle of the mpetitiveness of business enterprises.

e believe firmly in the paramount necessity of exchange of technologies, spect for high standards, equity and good faith in international, professional d business relationships.

foster economic growth, every enterprise has to introduce the latest chnology, knowhow and service. It is essential to translate the principles into ality products and practical services to the consumers. This has helped odi Threads to achieve its targets.

IRECTORS' REPORT

e Directors' Report and audited statement of accounts for the year ended gust 31, 1989 have already been circulated and with your permission I will e them as read. The financial achievements during this period reflect the mpany's growth and development programmes and also its capacity and nfidence to reach new horizons.

AIDEN DIVIDEND

odi Threads Limited has shown excellent performance in the year ended gust 1989. The turnover reached a level of Rs.40.58 crores. The gross ofit stands at Rs.4.9 Crores. The company has proposed a maiden dividend 12.5% on the Equity Shares.

URRENT YEAR PERFORMANCE

e sales during the first seven months of the current year are Rs 33 Crores. e Company hopes to achieve a sales turnover of Rs 60 Crores by August 90. For the year September 1990 to August 1991, the company is confident achieving a turnover of Rs 100 Crores.

COMMITMENT TO EXCELLENCE

We firmly believe that Quality Control is not just a departmental function or a stage in the production process but it is the core of our work culture. It is this belief that has motivated Modi Threads to grow from Strength to Strength. We have been able to achieve a high level of quality and productivity with the efforts and aspirations of the staff members at various production levels. At the intermediate production stages, stringent measures are adopted for process control to achieve optimisation of quality, while improving productivity and reducing production costs. The staff and workers are imparted comprehensive training programmes and are constantly kept updated with the latest technologies available in the industry. Visits of the foreign technicians are organised from internationally reputed companies, to Modi Threads plant to render technical expertise and training.

Inspired by the company's philosophy of "Growth through Excellence", the performance of the company has improved substantially, despite the crisis in the textile industry, which was due to the shortage of raw materials, high cost of industrial inputs, obsolescence, low productivity, surplus labour and high wage structure.

The demand for modithreads has been increasing, reflecting the customer's preference for modithreads, for their strength, quality, fast colour, durability and guaranteed meterage. The increased product mix has shown remarkable increase in sales and market acceptance. The customer service has been distinctly enhanced with larger distribution network.

The highly efficient marketing infrastructure, consisting of seventeen sales offices in India and an overseas office in London, has been successful in marketing modithread products in India and abroad.

Sophisticated computerised systems have been introduced in all critical functional areas like Marketing, Sales, Production and Finance.

CUSTOMER SERVICE

At Modi Threads, staff members at every level are trained and motivated to pursue client service and commitment. Being in the thriving consumer business, we always look forward to challenges and stimulating relationships with our industrial and retail customers.

EXPORTS

Modithreads are in great demand in over fifty countries including U.S.A.. Europe; Middle East and South East Asia. Repeat orders received from these quality-conscious countries reinforce their faith in the quality and reliability of our products.

During the year under consideration, exports achieved have improved and efforts are underway to increase the exports to more than Rs. 2 Crores in the current year.

A major breakthrough in the export efforts has come from one of the reputed concerns from U.S.A. for the purchase and distribution of embroidery and handicraft threads in the U.S. markets. Our buyers in U.S. are confident that within ten years Modi Threads will dominate the U.S. market.

In addition to direct exports, modithreads are used for manufacturing garments, leather goods and handicraft items which are exported in bulk quantities, thereby earning substantial foreign exchange.

DS LIMITED

We are confident that our domestic and overseas customers will continue to patronise modithread products. We are very grateful to them and assure them of our commitment and co-operation at all times.

HABERDASHERY COMPANY

The first step in this direction has been the successful launch of Modiknit 100% Acrylic Knitting Yarn of International Standard, manufactured from Acrylic Fibre purchased from Courtaulds, U.K. It is being marketed in five varieties: Chunky, Barella 4, Concorde, Lotus and Daisy. Modiknit Acrylic Knitting Yarn has already made a distinct mark in the domestic market, and its export potential is also promising.

For the first time, Modi Threads has set up a Design Service to help its valued customers. International knitting patterns have been introduced by Modi Threads to make it easier for ladies to knit latest designs with Modiknit yarn.

Modi Threads has emerged as India's first Haberdashery Company with a complete range of threads and accessories, namely Needle-work Kits, Printed Canvas, Embroidery fabrics like Aida in 11, 14, and 18 counts, Canvas Fabrics like Binca and Penelope of International quality.

Tapestry woollen and Acrylic Yarns, another first from Modi Threads have also been developed and launched in the market.

A wide range of Stranded Cotton, Pearl, Crochet, Knitting Cotton and Machine Embroidery threads in varied range of colours are just a few from the exclusive product range.

Complementing the haberdashery range, are allied items like lace, interlinings, zip fasteners from YKK Japan, Fuji Hand & Machine Needles from Japan and Elastomeric Fabrics from Courtaulds, U.K. With these accessories, the Haberdashery range becomes the most advanced in the country.

DOMESTIC AND INDUSTRIAL THREADS

Modi Threads has to its credit a wide range of industrial and domestic sewing threads to keep pace with the growing markets. Responding to the needs of the booming garment industry in India which has switched over to high speed sewing machines, Modi Threads have introduced various high quality threads. Most popular amongst these are the Synthetic Range and high performance threads like Polyester threads, Spun Polyester, Nylon Threads, Continuous Filament Nylon Threads and other blended variety of threads.

Modi Threads offer the widest range of threads which include Bag closing and hosiery stitching, thread for the leather industry, Industry Sewing, and threads to meet all types of requirements.

MODI THREAD TO SET UP PLANT IN U.K.

Modi Threads signed a Memorandum of Understanding with Holdsworth and Gibbs, U.K. in the first week of March '90, to set up a joint venture Private Limited Company in Swinton near Manchester U.K., for the manufacture, sale and distribution of cotton and polyester threads, embroidery, crochet, machine knitting and hand knitting yarn. This is a great achievement for the company as it will be able to gain access to the EEC countries before its unification in 1992, when entry is expected to be very tough. This project reflects the recently announced Policies of the present Government to set up Joint Ventures abroad.

Modi Threads and Holdsworth and Gibbs will subscribe and pay for the joint venture equity in the ratio of 50/50 for the total share capital.

A modithreads range

Under the agreement, Modi Threads will be exporting semi-processed threads and yarns. U.K. and almost all West European countries constitute a large market for sewing threads, embroidery, crochet and hand knitting yarns. Modi Threads has already made a significant entry in these markets.

BACKWARD INTEGRATION

Modi Threads is now looking beyond threads into varied areas which have enormous potential and possibilities for growth and development. These projects are progressing rapidly for backward integration. Some of the steps initiated in this direction are to make the company self reliant to produce basic raw materials like Acrylic Fibre.

DIVERSIFICATION

A number of projects are on the anvil, while others are progressing rapidly. It is our endeavour to evolve a structure, wherein each one of our projects and units enjoy a high degree of autonomy and function as self contained profit centres. This will promote each new venture with the freedom to manufacture as well as to buy or sell in the market place according to its own judgements and evaluations. And thus respond promptly to customer needs.

PUBLIC ISSUE

We are planning to float Modi Threads Public Issue of Equity Shares for which the necessary approvals from the Controller of Capital Issues have already been received.

ACKNOWLEDGEMENTS

I would like to thank all staff members, without whose support and commitment, we could not have achieved the progress we have made and hope to achieve our ambitious targets in future. I am confident, with their dedication and sincere efforts, the company will continue to prosper. I also take this opportunity to thank our esteemed Shareholders, Bankers, Financial Institutions and Collaborators who have given us their valued support and cooperation at all times.

SATISH KUMAR MODI
CHAIRMAN

Excerpts from the speech of Shri Satish Kumar Modi, Chairman, at the 6th Annual General Meeting of Modi Threads Limited held on 30th April, 1990.

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

Kesha/MTL/90

dom for Indians working in Nepal, with no restrictions on area or type of employment. It also wants an assurance of total security for Indian investments in Nepal.

While the work permit is being waived, Bhattarai feels that his government does not have the legal standing to negotiate long-term policies on defence or economy. He would prefer the incumbent government to chart out long-term strategies. "The two main tasks entrusted to me are the formulation of a democratic constitution and the holding of elections to usher in a multi-party system," says the prime minister. "Everything else should be worked out by a government which will have the people's mandate," he adds.

Democratic upsurge

The economic crisis, with its attendant high prices, was the single-most important factor that triggered off the democratic upsurge and led to the Rana-dominated regime handing over power to the Nepali Congress and the United Left Front. The hands of the acting government are tied and India recognises this. Bhattarai has to bring some measure of economic relief before the elections are held. If he is unable to, the tide could well turn against his pro-democracy party.

The tottering aid-based Nepalese economy collapsed when India did not renew the treaty last year. There was a massive budgetary deficit of Rs.(Nepali) 10,344 million in 1988-89. Finance from foreign borrowings and grants the same year totalled Rs.7,023 million. Some aid agencies based in Kathmandu attribute the main reason for the king's capitulation to the pro-democracy movement, to the refusal by three western countries to give further aid. This is substantiated by Ganesh Man Singh, supreme leader of the Nepali Congress and the most popular figure in Nepal today: "The fear that foreign aid would stop forced the king to accede to our demands much quicker than because of our agitation."

Nepal is going through its version of perestroika. Restructuring has already begun. The major political parties, which were banned for the last 30 years, are now preparing draft policy papers on politics, economics, culture and education. Though the interim government is taking a plan holiday this year to allow the elected government to chart out its own development strategy, chances are that those in the present government will heavily influence policy decisions of the elected government too: most of them are

Burning King Birendra's photograph: the end of a monarchy

important leaders in the parties likely to be eventually returned to power.

The socialists and communists agree that priority will have to be given to the private sector to extract Nepal from its economic crisis. Manmohan Adhikari, leader of the pro-Beijing CPM (Manmohan group), which is part of the ruling interim government admits, albeit reluctantly, that "capitalism is the only answer to rescue Nepal's economy from the deep abyss it has descended into." Bhattarai holds the same view and has even considered allowing the private sector into defence production.

Mutual benefits

Leading Indian businessmen in Kathmandu feel that India would benefit from the restoration of political stability and the economic development of Nepal. "We will have a captive market of 18 million people if Nepal develops and the purchasing power of its populace goes up," said Banwarilal Mittal, president of the Nepal Chamber of Commerce. The chamber has also mooted a common market with India. "We could have each other's markets at our disposal," said Mittal. "We are hoping for a more open policy from the democratic government as compared to the earlier autocratic rule. We hope they will open defence and banking to the private sector." The Golchas, a leading Nepalese business family, have already been contacted by several Indian entrepreneurs for prospective projects. But they are all waiting for conditions to stabilise.

In 1988-89, domestic financing of the budget was hiked by about 45 per cent of the GDP — about three times the programmed level. This was done as aid from India had stopped. Money had to be raised internally, though Nepal did not have the resources. Also, project implementation costs went up with an increase in the prices of energy and construction material. So more money had to be printed.

With borrowing from the non-bank sector going down, central bank credit to the government was overshot. The resulting monetary expansion combined with curtailed supplies took the inflation up by 10-12 per cent. Inflow of investment last year dropped by one-third between March and October due to capital flight.

Hiranyalal Brajacharya, deputy governor of the Rashtra Bank (Nepal's central bank) says: "The immediate need is to sign a good treaty so that we can once again sell our goods to India and thus reduce the trade imbalance. Nepal's export to India went down by 92 per cent whereas import from India went up by 8 per cent. In no way can we afford the present deficit." A member of the Nepali planning commission agrees: "The blockage is not just causing difficulties but uncertainties as well, which will have a long-term effect on overall planning." According to Brajacharya, most small-scale industries have closed down because they depend on India for raw material and a market. Even large-scale industries are shut or running at reduced capacity.

Being neighbourly

Over the last few years, India's activities in South Asia have led it to be called a 'regional bully'. The Maldives exercise and the Sri Lankan imbroglio reflected New Delhi's aspirations of becoming a regional superpower. The row with Nepal, observers felt, was only another method of asserting this desire. For the V.P. Singh government therefore, Bhattarai's visit will be an opportunity to keep to one of its promises — being neighbourly. New Delhi wants stability in Nepal, and a democratically elected government is preferable to a whimsical king. It is this fact that will mark New Delhi's mood of compromise.

■

RUCHIRA GUPTA

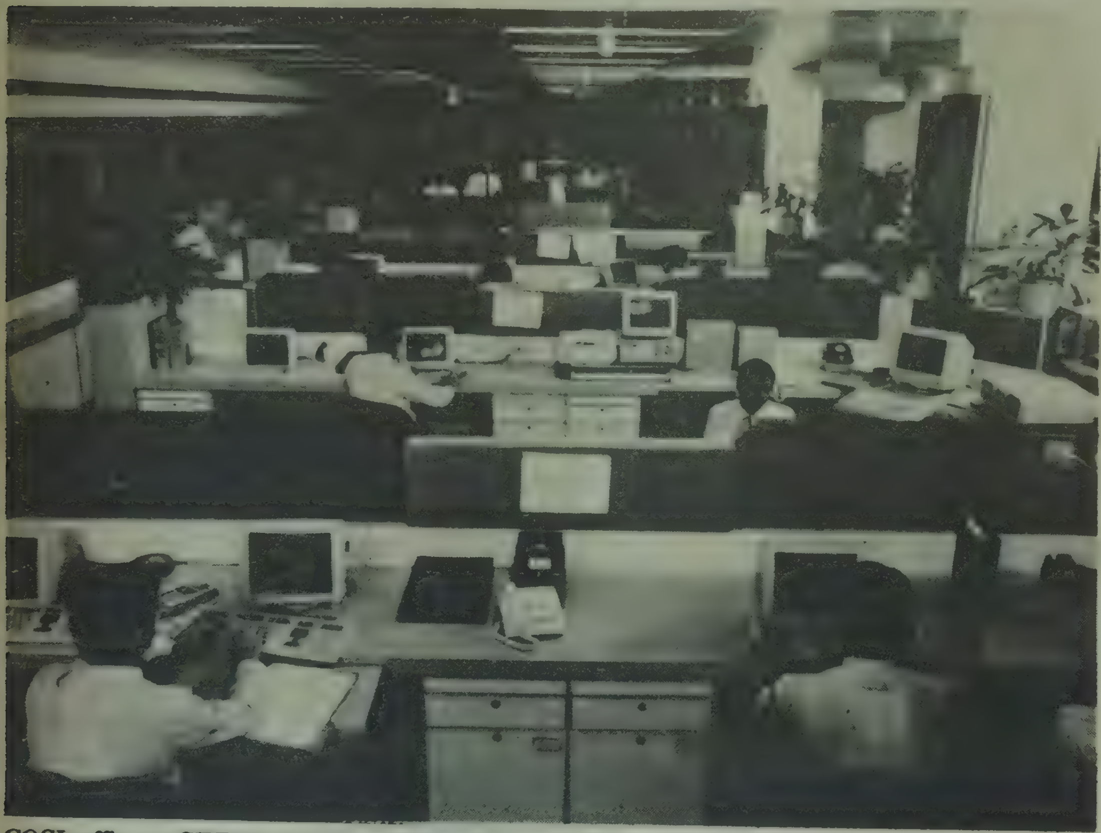
Gathering darkness
A quiet evening together
An unspoken thought
And it's time for cocktails.*
Binnie's
Aristocrat
Cocktail Snacks
Binnie's
Aristocrat
Aristocrat. Its what the good life is all about
VAA COMMUNICATIONS-DEL-JIL-007 A

*Cocktail : Preparation of food, esp. as appetizer ...

SOFTWARE EXPORT

Foreign banks' role models

Computers in banks. Doesn't this mean automated teller machines, MICR cheques, personal computers on every table and local area networks? Not any more, if the activities of large foreign banks are an indication. They have set up in-house software developing divisions, catering to their exclusive needs. The divisions' activities range from electronic data processing and support functions, as in Standard Chartered, to the development of unique software for the bank's product, as in Citibank. And two foreign banking corporations, Citicorp and the ANZ group, have gone a step further: setting up independent units in India to develop and export software.



COSL office at SEEPZ: develops state-of- the-art software

Citicorp was the first. Its software division, Citicorp Overseas Software Ltd (COSL), began operations in 1985 at Santa Cruz Electronic Export Processing Zone (SEEPZ), Bombay. The ANZ group followed in 1989, setting up Index Computing Pvt. Ltd. in Bangalore. Both these companies are wholly owned subsidiaries of the parent group and independent of Indian operations. None of the software requirements of the banks in India can be met by these software developing units as they are 100 per cent export oriented units (EOUs). The banks have separate divisions to handle their own requirements. "In fact Citibank's in-house software division even provides software for operations in neighbouring countries like Pakistan," says R. S. Bhagwat, technology director, Citibank India.

Skilled engineers

These banks' long associations with India, as well as their extensive communications networks, no doubt enabled them to set up software shops easily in the country. But why would a global giant want to locate a unit like COSL at SEEPZ instead of Silicon Valley? One of the major reasons, not surprisingly, is the availability of a pool of highly skilled software engineers in India. An associated reason is that manpower resources are relatively cheap here compared to Silicon Valley: even exorbitant salaries in rupees give the companies a competitive cost base. But unlike a host of agencies who deal in mainly manpower exports or 'body shopping', and who still overshadow the export of actual software, COSL and Index develop most of their software indigenously.

COSL, in fact, does not rely on computer training schools and trains its personnel in-house. "We have extensive compulsory training schedules and in some cases we even send our people to accredited institutions in India or abroad for some courses," says Ravi Apte, chief executive COSL. Index too exposes its personnel to "training in design methodologies, current international hardware and project management", as company officials observe.

Another reason for locating the units in India is the incentives provided by the government to these EOUs, especially duty free import of capital goods. This becomes an important consideration, given the capital intensiveness of the software business. As Apte points out, "One cannot develop or export software without the necessary hardware."

The third largest software exporting house after Tata Consultancy Services and Tata Unisys Ltd, with a turnover of over Rs.9 crore, COSL has grown a great deal "from what was the dream of a few people, who sold the concept to Citicorp's head office," reminisces Apte. As COSL develops state-of-the-art software for a wide range of financial applications, its main clients are Citicorp's companies and branches worldwide and account for two-thirds of its total business. Other customers include international banks and financial institutions.

Scope to expand

In comparison, the fledgling Index Computing, with an estimated turnover of Rs.2.15 crore in the second year of its existence, sells only to the ANZ group. However, Index expects its customer base to grow by the end 1990. "There is tremendous scope for us to expand," say company officials. "We provide only a very small element of the group's global needs." COSL too provides only about 1 per cent of Citicorp's total software requirements.

With the international software market being termed the wonder export opportunity for India, Apte says, "Organisations like COSL act as role models. In fact, a number of foreign companies — like Hewlett-Packard and Deutsche Bank — have visited us to see how COSL functions as a software developing unit." The number of companies, like Apple, who are now setting up software units in India is increasing, but it is the foreign banks which have led the way.

■ SUDESHNA SEN

Ramada® Inn Palm Grove

The spirit of business!

As 5-star as Ramada

Ramada Inn Palm Grove is a Palm Grove-Ramada tie-up.

It gives the business sophisticate an opportunity to experience that classy sauvity which has made Ramada what it is today.

The world's third largest hotelier. With a chain of hotels stretching from Sacramento to Singapore. San Diego to Sydney. San Fransisco to Seoul.

5-star all the way!

As friendly as home

Businessmen choose Ramada Inn Palm Grove not just because of our stature, but also because of our style of service.

Our people treat our guests as if they were their guests – which, in a way, they are.

By being friendly, not formal. Solicitous but not embarrassingly so. Attentive, but never intrusive.

It takes practice, but we have it.

And our happy guests confirm it.

All you want a hotel to be

We have 113 twin and double bedrooms. Five spacious suites. A 24-hour coffee shop. A spiffy restaurant offering Indian, Chinese and Continental fare. And a bar too!

We also offer a swimming pool, a health club, a shopping centre, and business centre.

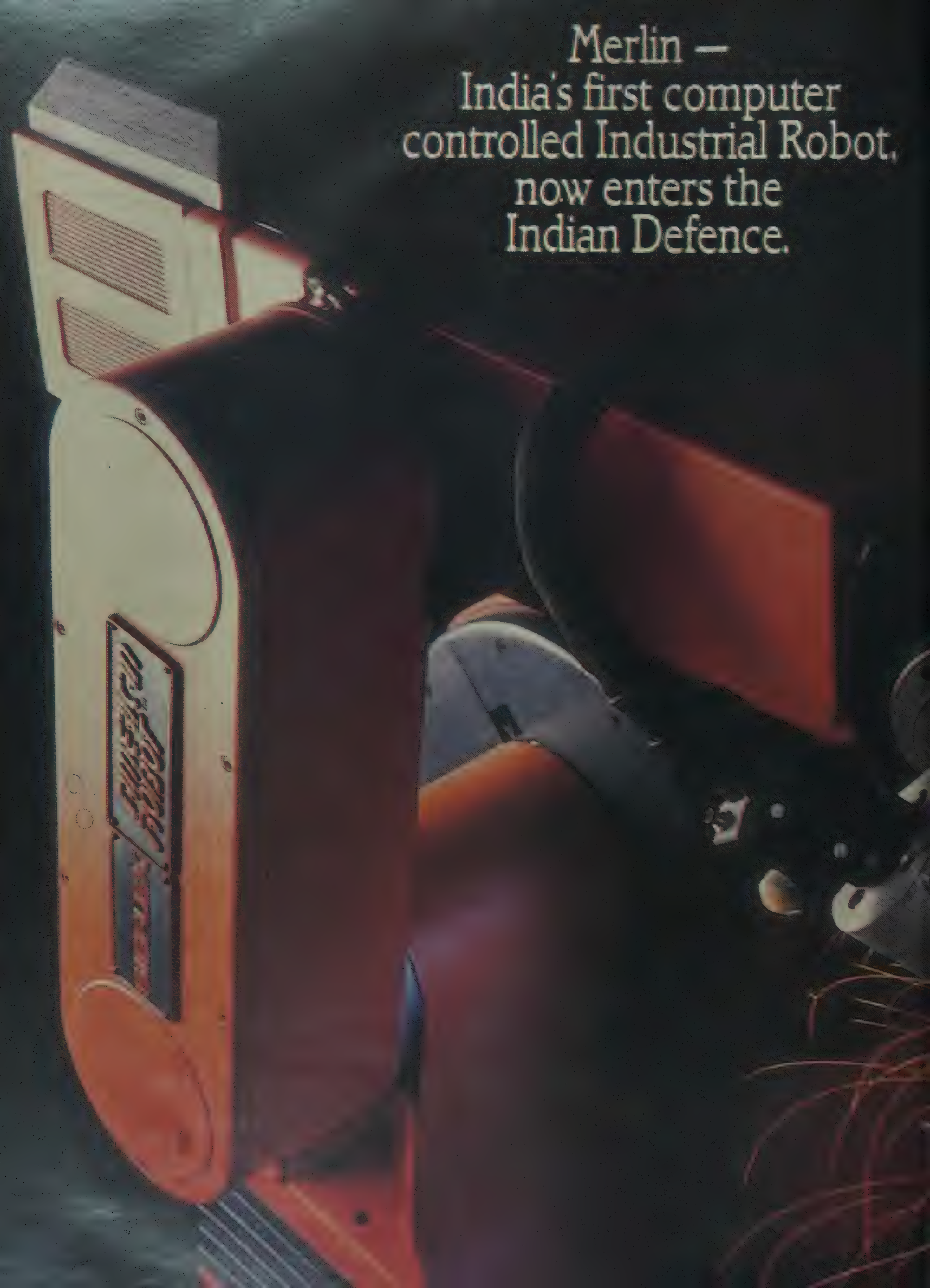
Yes, we're geared to help you handle your business better. It's the kind of spirit we're sure you're looking for.

RAMADA® INN
PALM GROVE
BOMBAY

You're somebody
special at
RAMADA
HOTELS AND RENAISSANCE HOTELS WORLDWIDE

Juhu Beach, Bombay 400 049. Tel: 6149361 Fax: 9122-6142105 Tlx: 011-71419 PALM IN Cable: PALMFRONDS Bomb
Telephone Numbers of Sales Offices: Delhi: 519827, Madras: 474942, Ahmedabad: 403564, Bangalore: 568085

Dattaram-RI8/


Merlin –
India's first computer
controlled Industrial Robot,
now enters the
Indian Defence.

DEFINE
RETURN
MAIN:
SET_SPEED TO 5
WAIT_TILL_STOP
SET_SPEED TO 1.0
WAIT_TILL_STOP
REM ***** THIS SETS UP THE WELD AND
SET_JOYSTICK TO JOINT
RUN
AR-BASIC PROGRAMMI
STRAIGHT

This 9 axes Robotic MIG Welding Workcell has been manufactured by Sieflex Automation & Robotics Company, in collaboration with CIMFLEX Teknowledge Inc., (USA).

Special features include whole body weaving, on-line adaptive seam tracking, complex profile welding, and real time monitoring of all weld parameters for safe and correct operation.

So now, complex welding jobs in heavy vehicles manufacture, railways, shipbuilding and other heavy plate industries, can be carried out easily.

This robotic system also allows a high consistency in the quality of welding, and cuts down cycle time by a third. Apart from providing substantial savings on consumables, such as power, gas and electrode.

Sieflex Automation &
Robotics Co.
2, Third Floor
Gemini Parsn Commercial Complex
121 Mount Road, Madras 600 006
Tel: (044) 473936/860042
Fax: (044) 860048
Tlx: (41) — 25173 CFLX IN

SIEFLEX

The ‘foreign’ touch

Strolling past a wall covered with hieroglyphics, Sunil Gavaskar stops to dally with a sarcophagus. It appears he is inside an Egyptian pyramid or a museum in Cairo. The location which provides this verisimilitude happens to be Bombay’s good old Film City, and the set, designed and built by Nitish Roy for Dinesh Suitings’ recently released, “Take the world in your stride” campaign featuring Gavaskar, has left viewers musing, “Is it or is it not London or Paris or Rome or wherever the ad is supposed to be shot?”

Most often it is not. But, as Kailash Surendranath of Far Productions puts it, “The skill of the filmmaker lies in making these films supposed to be shot at different locations look authentic.” And going by the variety of sets to be found at Film City on any given day — from a Swiss chalet to a London pub — the skills of these merchants of illusion in creating foreign locales is much in demand.

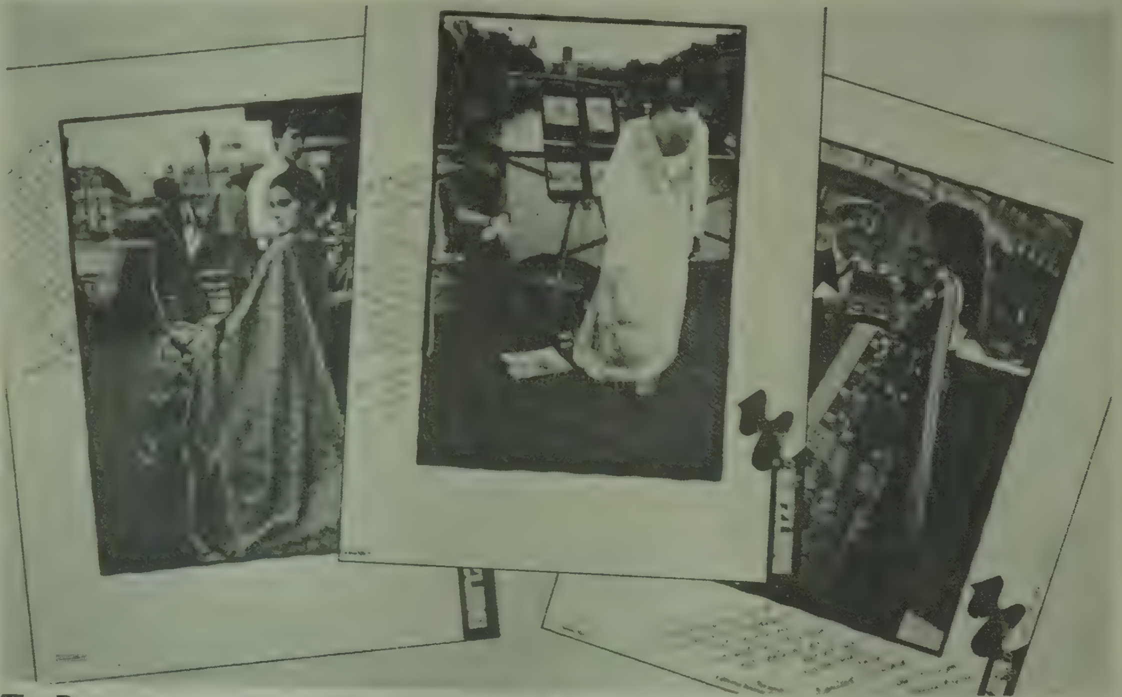
World class

Are these far-off locations really necessary for advertising products aimed essentially at the Indian market? Although the rationale differs from campaign to campaign, a common theme seems to be to project Indian products as world class. Usually for upmarket products like quality suitings or saris, these messages are targeted for a segment of comsumers who though not actually jetset, may well aspire for a jetset lifestyle. Says John Mani, creative group head of Everest Advertising, the agency handling the Rs.1.15 crore Dinesh Suitings account, “The idea was to stress on Gavaskar’s image as an international figure and the fact that Dinesh suitings can compete with the best in the world.”

Export and travel related products invariably opt for foreign themes. For instance, the VIP suitcase ads, supposedly featuring Europe but actually shot at the Chembur Golf Links, or a campaign for *Asli Atta* marketed in England where a Southhall street was recreated in Film City. Rafeeq Ellias of Nucleus Advertising, who handled Benzer’s sari campaign adds, “We’re communicating with people who do go abroad for holidays. That an Indian in traditional attire can be the centre of attention in a place like Paris was the idea behind Benzer’s ‘Paris Diary’ series of ads.”

Another reason for promoting the overseas look is that it highlights the foreign connections of a company. The ad to promote Marbella Marble introduced by the Kedia group depicts the fancy showrooms abroad where the products of its collaborator — Breton SRL of Italy — are being used. The idea is obviously to woo Indian consumers by highlighting the technical excellence of the company’s foreign counterpart.

Clothing stores like Rupam in Bombay which has recently launched a campaign of press and film ads set in London, try the foreign look because their ads find their way to expatriate Indians via videos. Indians abroad instinctively relate these products with their “current home” surroundings. This, Viren Shah of Rupam Advertising claims, has a positive effect, and, “It is they who are the big buyers when they come here,” he says.



The Benzer campaign: cashing in on the traditional look

Prohibitive cost

While exotic ideas are all very well, when it comes to the actual shooting, few agencies actually send a crew abroad; most make do with local sets. One rare exception is that of Rafeeq Ellias who shot Benzer’s sari campaign in Paris, and men’s wear in Greece. For him the campaign cost only “the excursion fare”. Press ads were easier as he went about taking candid shots almost like a tourist.

An ad film shot on locale is a different proposition altogether, the most significant restraint being its prohibitive cost. “Besides, there are problems in clearing all the red tape for the required permission,” says Mani. While feature film makers can get the Reserve Bank’s permission by promising to return double the value once the film is released abroad, ad film makers cannot. The one time this was possible, explains Jeet Surendranath, partner in Far Productions, was, “when we made a film in Singapore for Rush, a soft drink, because the client was planning to franchise the drink abroad.”

While fancy sets cost a pretty packet, upwards of Rs.5 lakh a day, this is still less expensive than flying a creative team to shoot on a foreign location. The advantage is that in India, designers and technicians are able to create almost any kind of fancy set, and within budget constraints.

But for major campaigns, months of research and preparation goes into finetuning the details. “Everything has to be right — the materials used, the topography, and even the foreign models, Russians in Bombay are the only ones willing to model,” explains Surendranath. For outdoor locations, it is even more difficult to capture the diffused temperate sunlight, for which shooting has to be scheduled for the early mornings or late evenings.

The next time you see a languid model sauntering past the Eiffel tower, look again — it is probably just another masterful creation. ■

SUDESHNA SEN

Chair by Ferdinand Porsche. Lamp by Akihito Miyake. Air conditioner by Amtrex.

When you've invested so much time and effort designing your office, the last thing you need is a big, ugly air conditioner to mess it all up. **W**hat you need is an Amtrex split. **I**ts quietly recessed ducts blend in perfectly with the decor. **W**hich is why it's been installed by some of the largest companies in India: Reliance, Food Specialities and Crompton Greaves, amongst others. **T**o add your name to the list, pick up the phone. **T**he name to drop is Amtrex.

AMTREX

SPLIT AIR CONDITIONERS

Available in split and multi split models of 1 to 4 tons Amtrex Ambience Ltd (A Lalbhai Enterprise), 'Rachana', Shahibaug Road, Ahmedabad Offices Ahmedabad 383035/36 Baroda 326164 Bangalore 267302 Bhopal 555348 Bombay 233890 Calcutta 464837 Chandigarh 25147 Goa 22346 Hyderabad 210755 Indore Jaipur 77199 Lucknow 40670 Madras 451301 Nagpur 523786 New Delhi 6835986 Patna 221353 Pune 661693 Raipur 523322 Surat 38008 Vizag 66308

MYSORE KIRLOSKAR VERTICAL MACHINING CENTRES
Flexibility that adds to productivity – and profits.

Rajnikant Bachkaniwala
Director
Himson Textile Engineering
Industries Limited
Surat, Gujarat.

Kirloskar
VC 15

"The flexibility that helped us increase our turnover 400% in five years"

"We are in the manufacture of texturising machines for the textile industry. When we chose to go in for CNC machines in a big way five years ago, it was a risky decision. CNC machine tools are an expensive proposition and the industry itself was in its infancy.

That is why I think it is fortunate that we had the right partner – Mysore Kirloskar.

Mysore Kirloskar's VC-15 and VC-35 Vertical Machining Centres were our choice. Our engineers worked side by side with their staff and the machines came on a turnkey basis, fully tooled up for 18 components. The extraordinary flexibility of these machines make short run programmes possible. Thereby increasing productivity.

The approachability and the personal involvement of the top management is another definite advantage of dealing with Mysore Kirloskar. Today with help from our Mysore Kirloskar machines our turnover is around Rs. 100 crores. Up from around Rs. 25 crores five years ago. And what's more, our set up is geared for practically any line extension product"

Kirloskar

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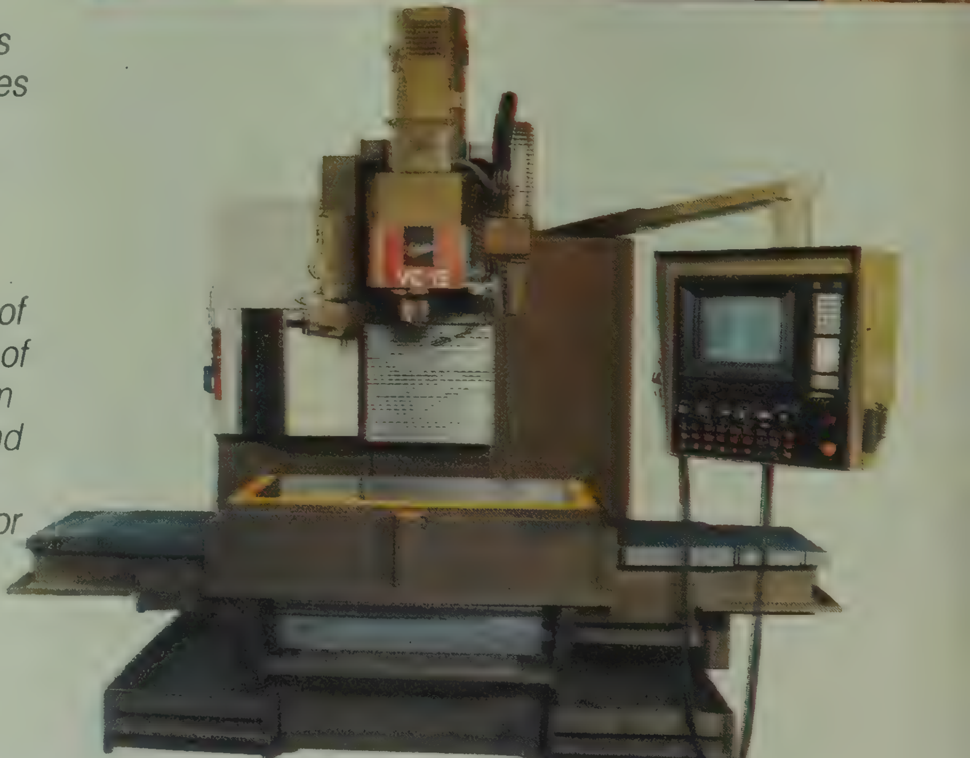
ratibha:BLR:MKL:790



VC-15M VERTICAL MACHINING CENTRE.
SALIENT FEATURES:

- Rigid cast construction. Hardened and ground guideways. Turcite coated sliding surfaces.
- Gearless spindle drive through HTD belt with programmable orientation.
- High power AC/DC Spindle motor at low base speed with wider constant power speed range.
- All axes driven by AC/DC motors with PWM and rotary encoder servo amplifiers for positioning feed back. Each axis fitted with ball screw with end support bearing cartridges.
- Laser calibrated axes for precise positioning accuracy and repeatability as per VDI standard.
- Automatic centralised lubrication system for way surfaces and ball screws.
- Twin arm automatic tool changer with 30 tools capacity. Random bi-directional carousel rotation for shortest tool path.
- Twin pallet transfer system (option).
- High performance state-of-the-art FANUC / SINUMERIK CNC Controls.
- Modular interface design with machine interface cards with input/output status display.

ADMINISTERED INTEREST RATES

Time to unshackle

Last month, M.N. Goiporia, State Bank of India's chairman, spoke about the administered interest rate structure as a major cause behind the thinning profit margins of banks. For the past few years, the Indian Banks' Association's chairman too has been demanding parity of bank deposits with other savings instruments in terms of fiscal concessions.

Experts like N.A. Mujumdar, former principal economic advisor to the Reserve Bank of India, argue at length about the present structure of interest rates being clearly discriminatory against banks. Industry, as usual, clamours for lowering of interest rates. Together, their conflicting demands underline the need for reviewing the present interest rate structure.

From 1968 onwards, the interest rates in India have been regulated by the Reserve Bank of India. The rationale behind this move was to make funds available to various sectors of the economy on reasonable terms, check inflation, ensure optimal use of scarce capital for productive purposes, besides giving a reasonable rate of return to the lenders of funds. In short, the rates on deposits and advances have a direct link with the economy at a macro level.

At a disadvantage

The rate on savings bank deposits in India has remained at a steady five per cent ever since 1977. On the other hand, with the fiscal concessions available with instruments like National Savings Certificates and *Indira Vikas Patra*, the effective return on them is as high as 35 per cent.

But, argues a senior banker, different instruments serve different needs of the investors and the interest rates are fixed keeping in mind their relative liquidity, fiscal concessions, etc. Bank deposits are preferred to other savings instruments chiefly on grounds of safety and liquidity. Investors' decisions are also not affected by change in interest rates unless it is an increase of more than two per cent or more than a four per cent decrease, notes Usha N. Iyer, officer, Bank of India. In fact, growth in bank deposits too has been around 18 per cent per annum. Nevertheless, the need to rationalise the interest rates on deposits in alignment with those offered on other instruments cannot be denied, says R. Srinivasan, chairman, Indian Banks' Association and chairman and managing director, Bank of India.

But, interest rates on deposits cannot be changed without changing the rates on advances if the banks' profitability is to be maintained. Concessions once given appear to be for ever. Moreover, numerous sub-sectors too keep on demanding concessions. The result is highly fragmented interest rates. In fact, at present, bank advances are categorised into as many as ten broad types with 60-70 prescriptions for the purpose of interest rates.

The logic behind so many prescriptions is, charge according to priority and amount. If the priority is high, charge low interest. Again, if the amount of loan required is low the interest charged is low. Unfortunately, the benefit of concessional rates does not necessarily go to the needy, which makes senior bankers like Goiporia strongly recommend "making suitable changes in the administered interest rates on advances to ensure that the interest subsidy is not available to all persons pursuing an activity, but to the deserving and needy".

Naturally this low cost finance has to be cross-subsidised through high cost finance to trade and industry. But here again, disintermediation — where the borrowers approach the lenders directly without the aid of intermediaries — has acted to the detriment of banks. Blue chip companies can now easily raise funds from the capital market or through instruments like commercial paper at rates lower than bank rates. If cross-subsidisation is to be feasible, the administered interest rate structure must be reviewed, opine bankers.

The Chakravarty Committee which reviewed the monetary policy recommended that the positive real rate of return (return after adjusting for inflation) on bank deposits of long term maturities should be a minimum two per cent per annum and the basic minimum lending rate should be three per cent above the maximum nominal rate on deposits.

The liberalisation initiated in 1989 on the advances front was an outcome of this committee's report. Keeping the minimum lending rate at 15 per cent, banks were allowed to charge a higher rate on industrial advances. Bankers argue that this liberalisation should now be extended.

Goiporia: pleas for reviewing interest rates

Partial liberalisation

Bankers and observers are equally wary of total liberalisation. According to N. Vaghul, chairman, ICICI, only "controlled liberalisation" should be attempted and not total liberalisation which is bound to backfire. Suggests P.N. Joshi, general manager, Bank of India, the process of liberalisation could start on the deposits front with savings accounts. According to Joshi banks will, at the most, pay 7.5 per cent because they pay 8 per cent on short term deposits up to two years. And this rate too, he contends, will be determined by banks on the costs they incur on both deposits. Even at 7.5 per cent, it will work out cheaper for banks because it will save them the cost of converting savings accounts to short term deposit accounts which the depositors indulged in, when the difference between the rate of return on these deposits is larger.

Interest rates on advances too have much scope for rationalisation and simplification, says Joshi. For instance, the differential interest rates or the four per cent advances scheme can be scrapped because other schemes like IRDP, SEPUP and SEEUY have the subsidy element which takes care of the small borrower. This may result in a few cases of avoiding a borrower or charging a higher rate to the poor but the target prescribed for these categories will act as a countercheck on banks. There are many suggestions to rationalise the interest rates structure, says Vaghul. The point is that there should be the will to implement them. ■

ALPANA KILLAWALA

**33,000
WORLD
CONFERENCES
GENERATING
OVER
$ 104 BILLION.**

TEN DOLLARS
10
10

AS A NATIONAL ASSOCIATION THINK YOU CAN BRING SOME HOME?

Conferences have become one of the fastest growing economic activities around the world.

As many as 20,000 international associations, besides the U.N., provide the ever increasing impetus to this 'convention culture'. An invaluable imperative for an update on advances and 'confluence of minds'.

Professors, Doctors, Engineers, Scientists.... A new challenge!

Thousands of you are always on the move, representing India at the forefront of technological forums.

Indeed you do India proud!

But here's an invitation to a larger mission. To bag the next conference at the next international meet you attend, and make India the prestigious venue. Thereby also contributing to India's own intellectual and professional growth.

India Convention Promotion Bureau (ICPB) redefines you from Delegate to Host.

To make you vie with the world. To provide all the support you need to bid and win.

That's the role of ICPB. A non-profit association sponsored by the Ministry of Tourism, Government of India.

In this endeavour ICPB has the support and resources of its member bodies comprising Airlines, Hotels, Travel Agents, Tour Operators, Tourist Bureaus, Travel Associations, etc.

Count on ICPB to make your conference happen.

ICPB is with you all the way. Right from the ideation stage, discussing ways and means of getting your conference to India, preparing professional bid documents, assisting in the bid presentation and even in the post-bid phase, through member organisations: promotions, bookings, management of the event — everything.

India! All set to host the world!

To make India the world's most favourite 'conference destination' look what's happening–

In addition to our existing convention centres in Delhi and other major cities, more scenic areas are being developed – Agra, Goa, Bangalore, Kovalam to name a few. With facilities that are absolutely state-of-the-art. With unique ambience and environment that will make any deliberation most memorable.

All eyes are on India.

India is emerging as the destination of the 90s. The great rush is already on.

Not merely because India is an enchanting tourist destination but also because it's an unforgettable learning experience.

And it is on this strength that you can cash in and confidently win larger laurels for India. Make it the 'conference destination'.

Will you be the first to talk to ICPB today? How many billions of the booming convention business should we say?

Get in touch. Your mission is very exciting.

For further details write to or contact:

INDIA CONVENTION
PROMOTION BUREAU
Room 233 A, Ashok Hotel,
New Delhi-110 021.
Phones : 6874318, 6873612,
600121 (Extn. 2687)
Tlx : 031-65647 ASOK IN,
031-65207 ASOK IN
Fax : 687-3216.

ICPB

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INDIA CONVENTION PROMOTION BUREAU
All you need to bring world minds together.

MILESTONES/ICPB/352a

JK PAPER CARRIES ON THE MAGIC OF COMMUNICATION

Communication

The magic which has made man the undisputed master of the Universe. With power over beast and nature.

And Paper.

Which has made communication possible. In the spread of knowledge. In business, social contact or packaging essentials.

JK Paper.

In its own way carries on this magic of communication. In more ways than one. Through its range of papers. Each specifically developed for your needs.

IN SLIGHTLY SIMPLER WAYS
?
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S A

JAYKAY

J K PAPER
A DIVISION OF
STRAW PRODUCTS LTD.

JK BOND • JK AIRMAIL • JK POSTER • JK SUPER COPIER • JK COTE PAPER & BOARDS • JK CREAMWOVE • JK MAPLITHO

FS Advertising/JKP/400

Hi-tech Flexible Hose Assemblies from Insapflex*

SAE 100R 9
SAE 100R 13

INSAPFLEX hose assemblies are the end-products of meticulous quality control tests. Manufacturing output of 1000 Hose assemblies a day, with no compromise on quality is a remarkable achievement unmatched by others. We can meet the critical demands of the industries. That's why leading OEM's always depend on INSAPFLEX. It's highly reliable and reasonably priced too.

INSAPFLEX has a wide range of hose assemblies in rubber, PTFE (TEFLON) and S.S. Corrugated hose assemblies with special tig welded fittings. Our spiral hose assemblies have passed the rigorous impulse test of 3,00,000 cycles by RDE DIGHI, PUNE which esteems very highly of the product.

Naturally, with over 15 years of expertise in this field and unique technical know-how **INSAPFLEX** has a defenite edge over its competitors.

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Telex: IGP 7117 Grams: INSAPACK

*Trade Mark Registration applied for

Efficient/INSAP/93/90

TECHNOLOGY

Fibre optics comes to India

Some time in the next two decades, Marshall McLuhan's idea of a communications utopia is going to come true. And his vision — the 'global village' — is not going to be connected by copper cable. Micro-electronics will manage the information, software will make it intelligible and tie it together, and fibre optics will move it. And if the plans laid down for communication in the Seventh Five Year Plan fructify, India is going to be as much a part of the 'second wave' of the communications revolution as any other country.

What makes fibre optics the ideal carrier for this revolution? Today, a conventional copper telephone cable can accommodate a maximum of 30 conversations simultaneously. An optical fibre cable, on the other hand, can handle as many as 1,920, a figure which can be scaled upwards easily. The cable itself is surprisingly thin, no more than 10 microns wide. At the transmitting end, electrical signals are converted into light by a laser. The light waves are then carried by "Monomode" optical fibre. At the receiving end a sensitive photodiode converts the light back to electrical signals.

Futuristic services

By the end of 1991, when our major cities will be connected by optical fibre cables, the country's STD services will improve dramatically and the communications pressure on the satellite and microwave network will be eased, making it available for other purposes. More important, the fibre optic network can support several futuristic services, like the emerging worldwide communications standard — integrated services digital network (ISDN) — as well as video conferencing and high definition TV (HDTV).

Comparing satellite communication to fibre optics, K. Brahmaduttam, director of telecommunications, explains that a satellite can accommodate a maximum of 4,000 lines. A 4-pair fibre optic cable has a capacity of 10,000 lines, which can be upgraded to 50,000 lines by increasing the speed of transmission (the bit rate). In addition, says Brahmaduttam, the fibre optic network being laid can also carry television transmissions "when we have the requisite equipment".

Thus far, India has lagged way behind the rest of world in fibre optics technology. Although an effort is now being made to narrow the gap, India, ironically, was one of the first countries to experiment with an optical fibre system. In 1979, Pune Telephones established an experimental fibre optic link between the Shivajinagar and Pune Cantonment exchanges. Soon two more pilot links were established at Bombay and Delhi. But that was as far as fibre optics reached in India. Since then, most developed countries have converted their conventional copper cable networks to optical fibre and submarine links are being laid across ocean beds to complete a global network.

Ambitious plan

In contrast, the first long distance fibre optic link in India was commissioned barely a year ago, between Ahmedabad and Baroda, covering a modest distance of 123 km. However, Indian Telecom's planners now seem keener than ever to exploit this technology: the department of telecommunications has embarked on an ambitious plan to lay 6,200 km of optical fibre cable in the next two years on important long distance routes. Another 850 km will be introduced in the local networks of several major cities.

The long distance routes include Delhi-Bombay, Delhi-Calcutta, Bombay-Bhopal, Bombay-Pune, Trichy-Madurai and Palghat-Trivandrum. These routes account for 2,500 of the 6,200 km provided for in the plan.

Meanwhile, in the cities in which optical fibre is being used to link city exchanges — Bombay, Delhi, Calcutta, Madras, Pune, Ahmedabad, Kanpur, Hyderabad and Bangalore — work is at an advanced stage. Most of these cities are likely to install and commission optical fibre transmission systems from 1990. In fact, Pune Telecom has already laid 9 km of cable and two of the three fibre optic links planned for the city have been functional since 1 May 1990. Jaykumar Paranjpay, general manager, Pune Telephones, says that the cost of linking three exchanges will be about Rs.67 lakh.

So far, the end equipment as well as the fibre cable has been imported. But indigenous manufacture of both cables and equipment is expected to begin in a year. Hindustan Cables Ltd at Allahabad has tied up with NKT of Denmark to produce cables, while Optel Ltd, a Madhya Pradesh government enterprise, will make both cables and the optical line terminating equipment in collaboration with Fujitsu of Japan. ITI, Bangalore, has also tied with NEC of Japan to produce the end equipment.

These developments have considerably enthused telecom engineers. "Even using the latest technique of pulse code modulation, a pair of copper wires in the conventional cable can transmit only 30 speech circuits simultaneously at the rate of two megabits per second," says Sandeep Govil, a telecom engineer. "But one fibre pair can facilitate a transmission rate of 140 megabits per second. This is how 1,920 speech circuits (conversations) can be carried by a single fibre pair; an increase in capacity of almost 70 times." Even more advantageous is the ease with which the transmission rates can be increased. Add a little more end equipment and the rate can go up to 565 megabits per second per fibre pair, which effectively means about 10,000 simultaneous conversations — a fivefold jump.

No interference

Despite the enormous capacity of a fibre optic cable, there is no interference at all between two signals or even between two pairs of fibre in a cable. This feature is a significant advantage. It totally eliminates crosstalk and static — problems which frequently plague conventional systems. Fibre optics promises crystal clear conversation over long distances without disturbances.

Telecom engineers also point out that 'attenuation' (loss of energy) in optical fibre is far lower than that in copper wire. For conventional cables, a repeater or amplifier is required every 1.8 km to strengthen the signals. A fibre link needs a repeater only after 40 km. "For local networks, therefore," says a communications expert, "no intermediate equipment is required as within a city distances are usually under 40 km. This cuts equipment cost and saves on maintenance."

Much of the second information revolution is unquestionably going to depend on these slender filaments with their amazing capabilities. Although late, India has recognised this and judging by the speed with which this technology is being developed in the country, it looks like Indian telecom planners don't want to miss the communications technology bus again. ■

ROOP KARNANI

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FUEL INSTRUMENTS & ENGINEERS

Innovating to excel

An inventor's touch and trail-blazing management practices have made this company and its sister concerns worth watching in the future

Panditrao Kulkarni (inset) and FIE's car washing machine

The year was 1953, and P.D. "Panditrao" Kulkarni, just out of college, decided to get into business on a rented lathe. He soon realised he could not afford to hire an operator, and began operating it himself. When he expanded his business, he faced another problem — no engineer was willing to work in remote Ichalkaranji, about 300 km away from Bombay in south Maharashtra. He sought a way out by recruiting bright young science graduates and imparted valuable, on-the-job training in various engineering disciplines over the next two years.

Smooth sailing

Innovative solutions to tricky problems have smoothened the path to success for Panditrao's multi-product engineering firm, Fuel Instruments & Engineers Pvt Ltd (FIE). Last year, the company sold engineering goods worth Rs.8 crore. Nine concerns associated with it collectively achieved a turnover of another Rs.15 crore. Along the way, Panditrao has been honoured for various achievements: an award from the Invention Promotion Board of the government of India; first prize at an all India machine tool designing competition and the "Best Quality Man" award from the National Institution of Quality Assurance, Madras.

Starting with machining jobs for companies based in Kolhapur, Pune and Thane, Panditrao strayed into manufacturing almost by accident. He planned to buy a hardness testing machine but the prohibitive cost put him off. He then dismantled one used for a similar purpose by a friend and developed one on his own. Panditrao then began to manufacture these machines and sell them in the market. As a manufacturer, his career was launched. He then went on to introduce more machines, some of them for the first time in India.

FIE later diversified into the production of dynamic balancing machines, chain testing machines and coil spring testing machines among others. One of its sister concerns, Saroj Engineering Enterprises manufactures multi gear pins for Bajaj Auto Ltd, while another, Autoparts Pvt Ltd turns out rocker arms for Maruti Udyog Ltd and rear wheel connecting rods for Premier Automobiles Ltd. A foundry, Ichalkaranji Metal Alloy Pvt Ltd, supplies the needs of the various FIE group companies. SPM Tools Pvt Ltd makes special purpose machine tools (SPMT)) for in-house consumption at FIE and its associated concerns as well as for external sales. The first hardness testing machine was developed in 1963 and since then, he has come out with 20 more of different kinds. Most of the SPMTs too are designed by him.

This designer-manufacturer has financial interests only in FIE, the other group companies being owned either by his sons-in-law (he has three) or other relatives. Yet, a very close bond exists between these firms and FIE. Two interesting companies — FIE Research Institute (FIER) and FIE Consultants Pvt Ltd (FIEC) make this possible.

Extending mutual help

FIER conducts research on developing new products, indigenising imported machines, sourcing cheaper and more easily available raw materials and figuring out ways to cut production cost and overhead expenses for the entire group. Earlier, FIER had developed wheel balancing and dead weight force calibration machines. The latest project involves the Indianisation of a Japanese car washing machine, imported at a cost of Rs.9.5 lakh.

Once the institute meets the deadline set for October this year, FIE plans to sell a similar machine in the Indian market at a cost not exceeding Rs.5 lakh. Market research has indicated a yearly demand for 300 such machines in India and FIE has already bagged a Russian order for the supply of 500 units a year.

"The imported machine is a very sophisticated one," says Jayant Padte, director of FIER. "It has facilities for waxing the car body, washing the under carriage and also an arrangement for accepting credit cards. Unfortunately, the machine is only 80 per cent efficient under Indian conditions." When a machine is redesigned for use in India, engineers at FIER assisted by a staff of 20, study its performance and layout, modify its design and quite often, find substitutes for some of the raw materials used, such as "certain kinds of plastics which are not available in India," says Padte.

The role of FIEC becomes clearer when one learns that FIE has only 11 workers and an office staff of 17. Both the FIE and its sister concerns "borrow" the services of skilled or experienced personnel — en-

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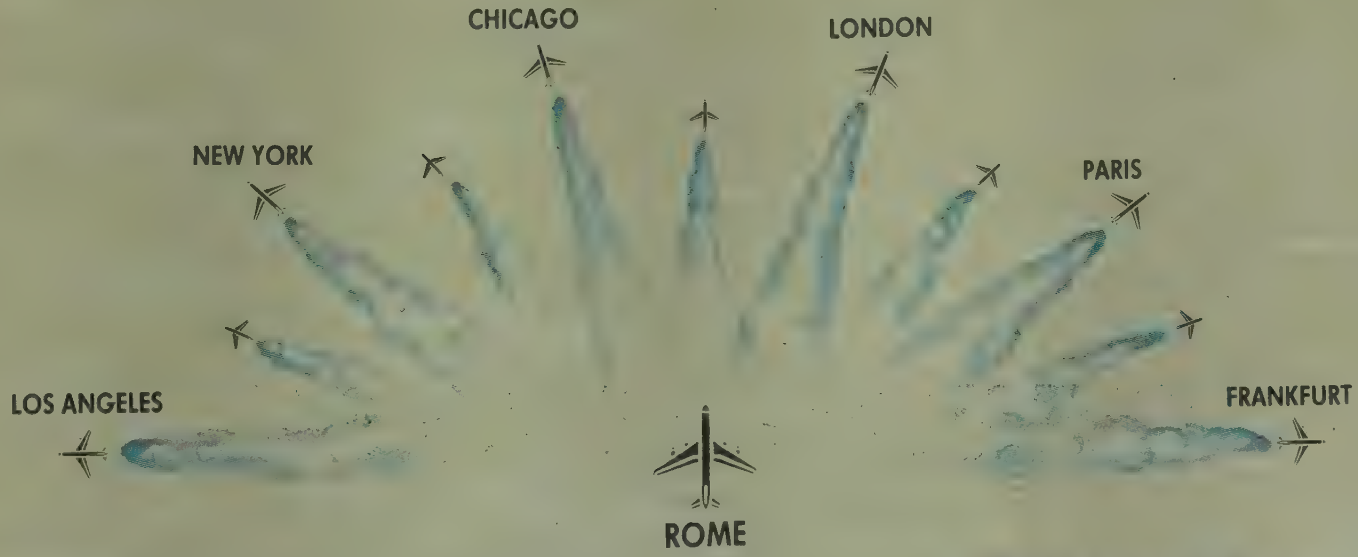
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gineers, auditors, tax consultants, architects, chartered accountants, maintenance staff, etc. — whenever required from FIEC's talent pool. In return, FIE and the associated concerns pay FIEC and FIER a royalty for the services rendered.

Import substitution

This kind of innovative, economical arrangement has contributed greatly towards Panditrao's success. But other factors have played their part too. Prominent among these has been the constant drive towards import substitution. For instance, in 1967, Panditrao started the manufacture of dynamic balancing machines based on foreign designs. They have remained popular even two decades later. Testifies Bhupendra Patel of K.B. Engineering, Bombay, who bought one of these machines three years ago, "We found the FIE product to be one of the best in the Indian market. The company gave us very good after sales service and we have more than recovered our investment of Rs.110,000."

However, repeated efforts of this kind at indigenising imported products have not won for Panditrao the admiration of his competitors. Instead, one of them scoffs, "All that he (Panditrao) can do is strip open imported machines, study their designs and then improvise upon them." But Panditrao remains unfazed in the face of such criticism, "In the engineering industry, you have to take the help of standard references. This practice is followed even abroad. Unlike atomic engineering, we don't have to start from ABC."

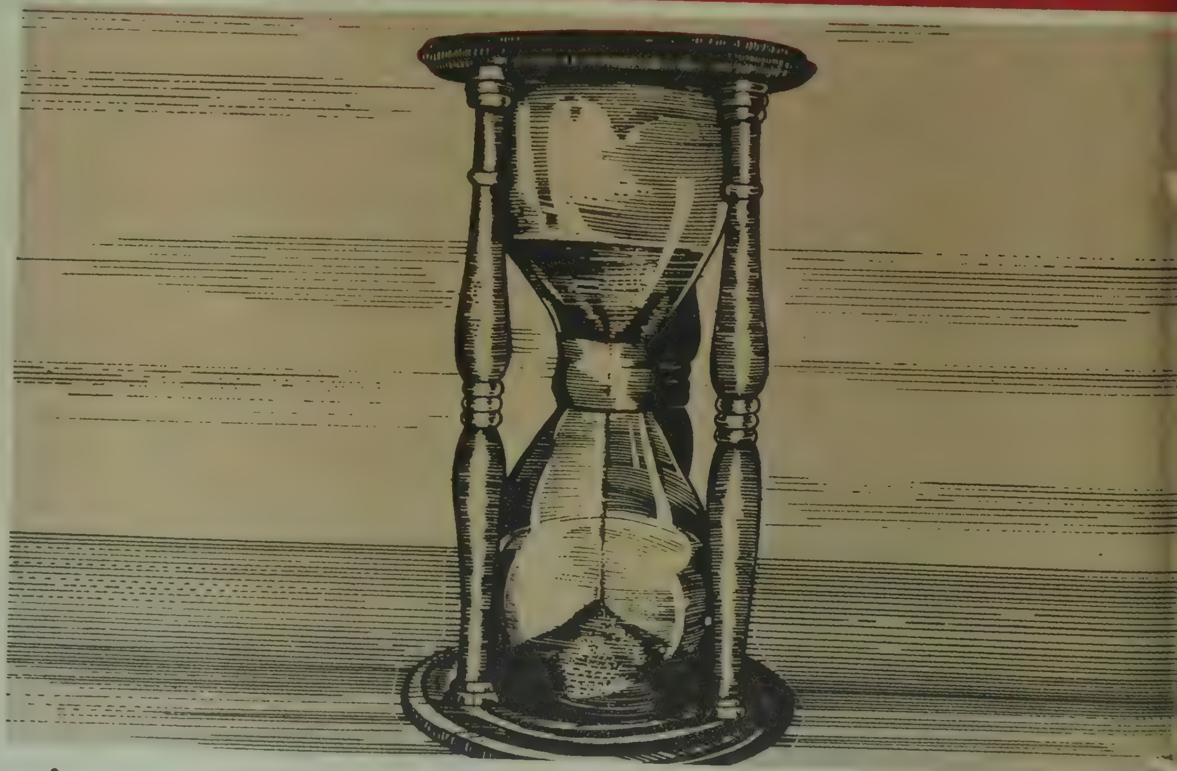
Easy access

Another big advantage has been the entrepreneur's homespun management network. Employees are under no formal supervision, each one works towards mutually-agreed-upon targets. But if a worker comes upon an innovative idea, he has easy access to the founder chairman for discussions. Says a senior staff member at FIE, "Panditrao is often very brusque with officers from the accounts and other departments. But if a worker has any problem, he gives him a patient hearing." On an average, Panditrao pays a worker Rs.1,200 per month, a comfortable pay packet by Ichalkaranji standards. Each worker is given a Luna moped as well. In addition, many ex-workers have been helped in their efforts at launching their own businesses.

The FIE concerns have together benefited from a concerted effort to run a trim and neat organisation. "Our indirect involvement and indirect costs are almost nil," says S.V. Kulkarni, director, FIE. As in most American banks, there are no peons in any of the FIE companies. Each worker has the skill to operate three or four machines and middle-level managers are conspicuously absent.

Most of the manufacturing is still done on hired premises. Bank loans are avoided by taking raw material on credit, manufacturing and selling off the products within the 90-day credit period and repaying the raw material supplier. These low overheads have resulted in an excellent return on investment. "On most of our new products, the profitability as a percentage of sales turnover is around 50 per cent," says Panditrao. But competition from imitators forces the profitability down to as low as 15 per cent sometimes. "However, this process takes a long time and by then we develop

THE CHANGING FACE OF PROGRESS...



– is especially rapid at Gajra Bevel Gears.
New growth – new thrust – new diversification.

another new product," says Panditrao. "Our competitors cannot spend as much as we do on product development and every new product enjoys a monopoly for at least five to seven years."

Developing exports

Thus, FIE, which had supplied balancing machines to Russia earlier, is now developing machine tools for the same market. Recently, 1,600 tyre testing machines were exported to Russia each at a cost of Rs.60,000. Such exports have helped boost the group's bottomline. "Indian products can compete favourably in international markets on the price front," says Panditrao. "Within the next two years we plan to increase our exports to Rs.20 crore." Exports, which began in 1965, reached Rs.5 crore last year. Goods were exported to more than 22 countries including Japan, Australia, UK, West Germany and the US.

Despite all these achievements, Panditrao and his group of companies have not been very popular outside his home state. To tide over this aspect FIE Foundation awards were established. Over the last 17 years, the foundation — funded by donations from the FIE group companies — has disbursed more than Rs.10 crore worth of awards for outstanding contribution in the fields of technology, engineering as well as the arts, culture and humanity.

"The awards have a very strong advertising value for us," agrees Panditrao, "but there was another reason as well, for launching them. Technicians are rarely awarded. Perhaps that's because politicians are usually from non-science fields like arts and commerce." He continues, "This year (in March 1990), we gave away prizes worth about Rs.8 lakh. If we have the government's support, we can release more than Rs.20 lakh worth of prizes next year." The foundation plans to make a representation seeking complete exemption from income tax, as, at present, 50 per cent of the donations are taxable under Rule 80 (G) of the Income Tax Act.

Sophisticated machines

Plans for FIE and the other group companies include an export drive towards high value added items. Group sales turnover is projected to cross Rs.60 crore by 1992. This, says Panditrao, will be achieved by adopting more sophisticated machines. At present, his most expensive machines are in the Rs.5 lakh range. Newer/dynamic testing machines are now being developed which will cost approximately Rs.75 lakh each. FIE Consultants will also open their doors to non-FIE companies in the future and help them increase their profitability. "Very rarely is capital the bottleneck for aspiring entrepreneurs," says Panditrao. "Most often they lack proper guidance, proper advice."

As one who has been through it all, Panditrao is the best person to make this observation. In his long and arduous climb from obscurity, he has triumphantly emerged a market leader and has established management practices which can be easily emulated by large but low profitability companies. In this manner, he contributes to the overall objective of achieving rapid economic growth and development.

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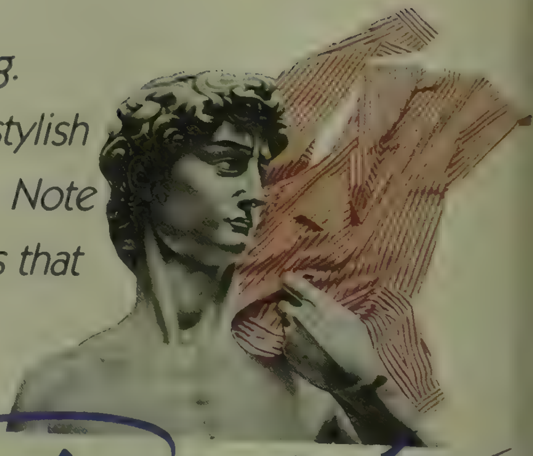

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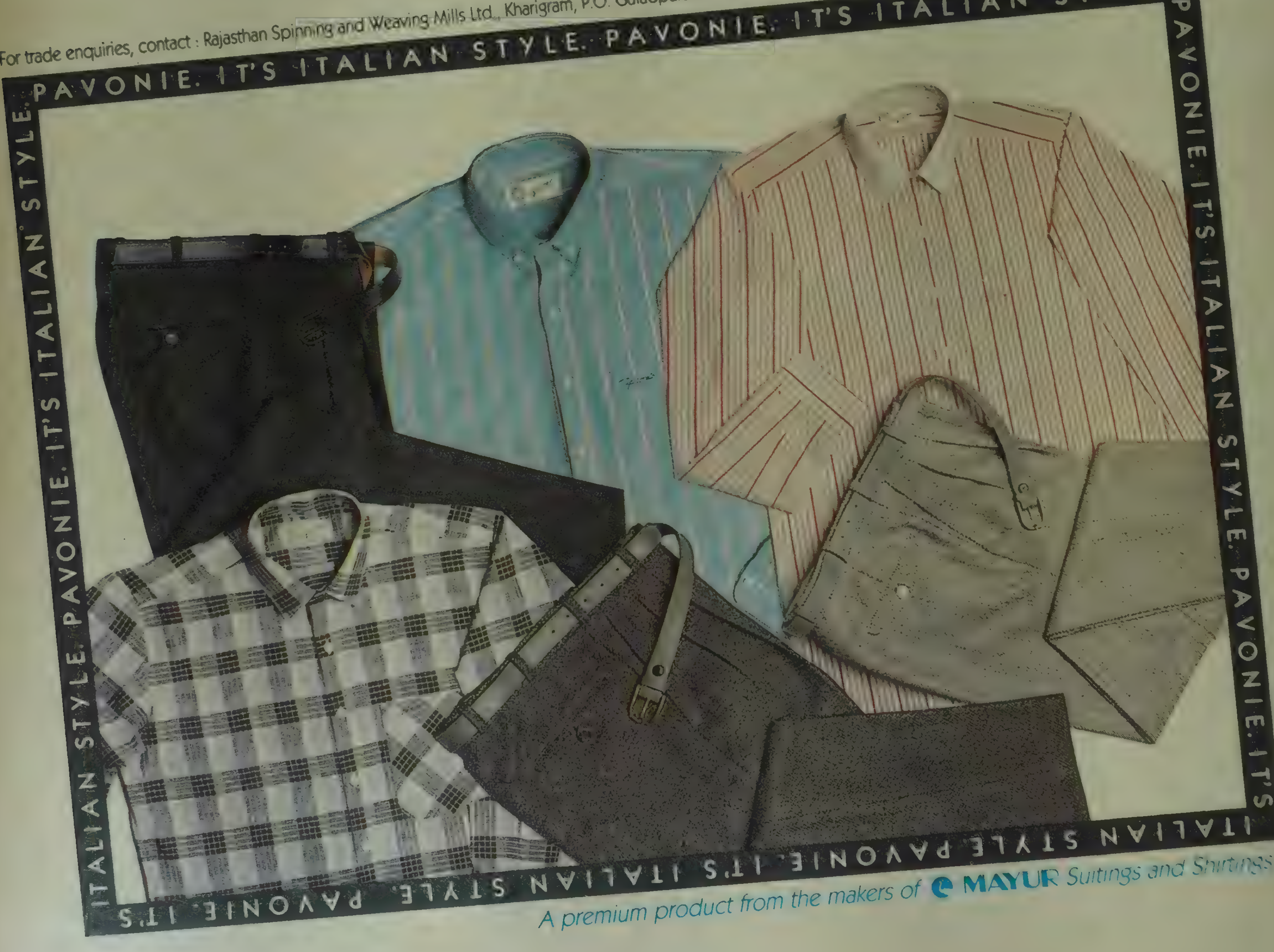
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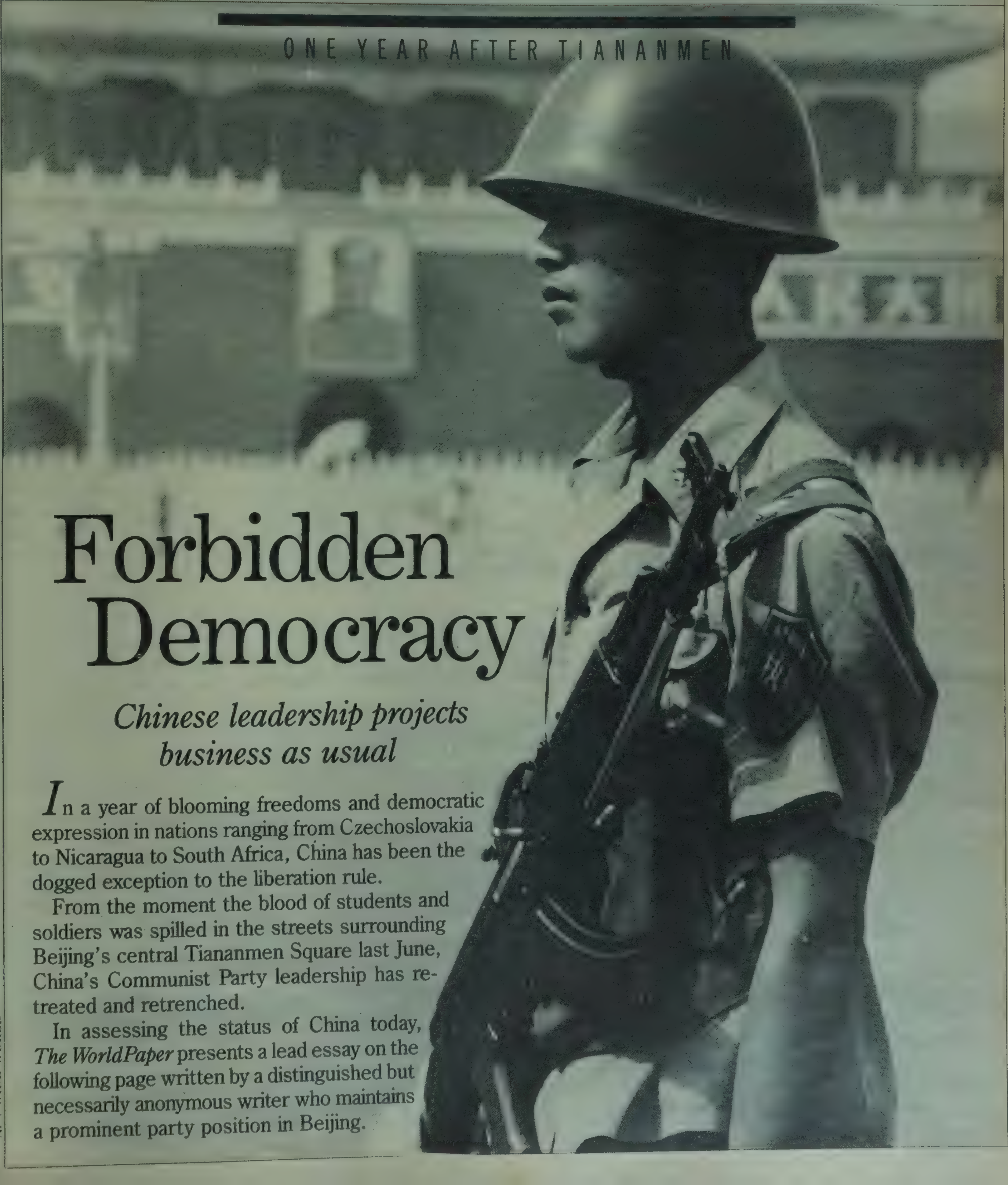

AP / WIDE WORLD

ONE YEAR AFTER TIANANMEN

Forbidden Democracy

Chinese leadership projects business as usual

In a year of blooming freedoms and democratic expression in nations ranging from Czechoslovakia to Nicaragua to South Africa, China has been the dogged exception to the liberation rule.

From the moment the blood of students and soldiers was spilled in the streets surrounding Beijing's central Tiananmen Square last June, China's Communist Party leadership has retreated and retrenched.

In assessing the status of China today, *The WorldPaper* presents a lead essay on the following page written by a distinguished but necessarily anonymous writer who maintains a prominent party position in Beijing.

From unofficial China: economy sags, reform stalls

Cowed public patiently waits out hard-liners

BY JING MIN
in Beijing, China

TIANANMEN SQUARE is again under tight security. Rumors circulate in Beijing that "smiling" and other silent demonstrations might take place in memory of those killed a year ago. Armed sentries and barricades cordon off the square which is either empty or sprinkled with "organized visitors."

Since last March, teams of police vans and motorcycles have been patrolling main streets and armed soldiers now stand guard at important sites. Universities where students were especially active in last year's demonstrations have begun checking ID cards for admittance.

Against this backdrop, the annual National People's Congress (NPC) session ended April 4 with a call for "stability, development, prosperity for the country and peace for the people." Premier Li Peng stressed that maintaining national and social stability was the principal accomplishment over the past year.

Drawing lessons from recent developments in the Soviet Union and Eastern Europe, Chinese leaders know only too well that stability needs to be supported by action. A restrictive law governing demonstrations has been adopted, making it nearly impossible for anyone to organize such activities.

Meanwhile, political and ideological education has been stepped up by urging people to learn the teachings of Marx, Lenin and Mao and to emulate heroes who dedicated their lives to the cause of revolution. To rectify young people's thinking and counter the influence of "Western bourgeois" ideas about democracy, Chinese authorities have decided that all college graduates must be "re-educated," preferably in rural and remote areas. Freshmen at Beijing University, cradle of the pro-democracy movement in 1919 and again in 1989, must serve one year in the military before starting regular studies.

Troops watch over the square.
AP / WIDE WORLD

"All praise and no complaint" is the order of the day at meetings and in public statements and press reports. This "unanimity of views" reminds many of the anti-rightist campaign in the late 1950s and the Cultural Revolution (1966-1976).

Unlike the situation in those days, however, people are astonishingly outspoken in private, particularly among relatives and close friends, daring to assail any leader, institution, policy, or action. This state of affairs gives the impression that the present leadership is sitting on a smoldering volcano.

But the reality is quite different: private grumbling aside, people in general are passive and unconcerned, accepting the status quo and hoping for a turn for the better. Even college students have been cowed and are reluctant to take risks by divulging what's on their mind.

Such as the case may be, stability can be maintained if the economy is in good shape—alas, it isn't. The gross national product (GNP) for 1989 showed a mere 3.9 percent growth rate, well below the 11 percent rate for 1988. While Li Peng claimed victory in taming the overheated economy—curtailing capital investment by one-eighth and bringing inflation down to 17.8 percent from 18.5 percent for 1988—his retrenchment program has plunged China's economy into enormous difficulties.

One-fourth of the industrial enterprises are running at a loss, unemployment has doubled to 4 percent, thousands of factories are idle and workers' pay has shrunk considerably.

In a bid to maintain stability, Chinese leaders are reemphasizing economic planning and control at the expense of reform and open policies, to which they only pay lip service. Premier Li Peng mentioned economic reform only in passing at last April's NPC session.

Will political and economic problems at home and changes in the USSR and Eastern Europe combine to churn up fresh upheavals?

The answer is no; the people's education level is too low and their desires are too easily satisfied. Unless driven beyond human limits, they will not rise in protest. They not only accept authority meekly, they need it to order them about and care for them. Democracy and freedom are still academic topics only discussed in intellectuals' salons.

However unhappy they are, people are ready to give the government a chance by keeping quiet, if only the leaders can resolve economic problems and provide people with a decent life.

External pressure on China only serves as an excuse for Chinese leaders to make use of "patriotism" to suppress demands for greater democracy. Economic sanctions hurt only the people and have no effect upon the leaders.

The best policy for foreign governments and institutions in dealing with China is to leave it alone and let the people of China handle their own affairs. China's prospects are generally bright, but it may take years, or even decades, to see the dawn of better days. ◆

Jing Min is the pen name of a writer in Beijing.

The optimistic party line:

Leaders pledge economic reform, openness to continue

BY WANG ZONGYIN
in Beijing, China

DESPITE A CHANGING world situation characterized by the convulsions in Eastern Europe, China is single-mindedly pursuing an ambitious modernization program in order to improve the well-being of its 1.1 billion people, one-fifth of the world total.

Peng watches over the party.

REUTERS / BETTMANN NEWSPHOTOS

China's modernization effort is closely linked with its open policy and its economic reform will continue to adhere to a socialist orientation. The country is still in the process of finding a mechanism by which the planned economy is organically combined with market regulation.

China's economic contact with other countries will further expand in this decade. Ma Hong, director of a governmental policy think tank, said China will unswervingly pursue the policy of opening to the outside world. It will expand foreign trade, boldly absorb foreign investment and import advanced foreign technology.

The program was formulated almost 10 years ago from policies proposed by senior leader Deng Xiaoping who, at the age of 85, is fully retired. The salient feature of the program is the goal of quadrupling China's 1980 GNP by the end of the century. Specifically, China's target is to push the total output of industry and agriculture above US$750 billion by the year 2000, nearly quadrupling 1980s output of $190 billion.

China still believes as it did a decade ago that long-term peace is possible. The Chinese government is losing no time to make the best use of this comparatively long peaceful period to carry out its development program, which has over the years evolved into a three-step program that goes well into the 21st century.

Chinese Communist Party leader Jiang Zemin reiterated commitment to the plan at a meeting ushering in the new decade. The first step is to double the GNP of 1980 and meet increasing demands for food and clothing. The second step is to double GNP again by the end of this century, thus enabling the people to lead a fairly comfortable life. The third step is to, by the middle of the next century, reach the per capita GNP of moderately developed countries. The People's Republic of China will by then be celebrating its centennial.

This means that China will need only to maintain an annual growth rate of eight to 10 percent in industrial and agricultural production and GNP. China must also maintain an annual growth rate of 6.4 percent in national income over the next 10 years.

The government will give strategic priority to agriculture, energy, transport, science and education. Economic growth will gradually rely on scientific and technological progress and a continuous rise in labor productivity.

The government expects the output of energy, steel, cement, fertilizer, cotton yarn, paper and other important products to double on the basis of figures for the 1980s. Production in the machine building industry will triple or quadruple.

This decade will see a rapid development of new industries such as electronics, information, nuclear energy, petrochemistry and new building materials, according to government officials.

Fang Weizhong, vice-minister of the State Planning Commission, said part of the production technology of China's major industries will reach the present standards of the developed countries by the year 2000.

Premier Li Peng said China will make increasing grain production a priority for its growing population, which will reach nearly 1.3 billion by year 2000.◆

Wang Zongyin is *The WorldPaper* associate editor for China.

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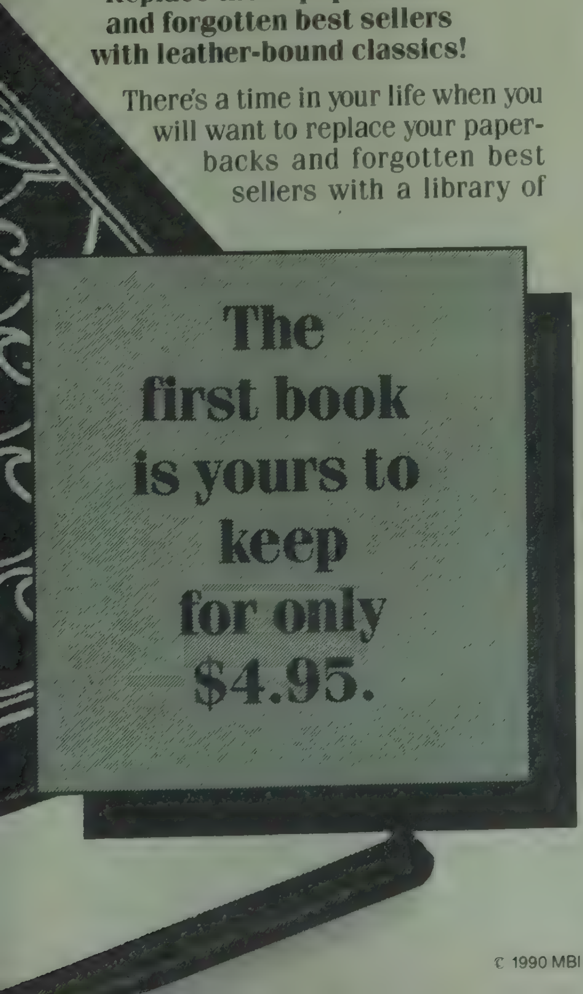

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FORBIDDEN DEMOCRACY

China's clout slips abroad

Outside Beijing, leaders choose pragmatism over ideology

BY MUSHAHID HUSSAIN
in Islamabad, Pakistan

SINCE THE DEMISE of the Cold War, China has lost its status as the "China Card" that was once so relevant to the jockeying for influence among superpowers. The threat of "playing the China Card"—forming a strategic alliance with Beijing—is no longer needed by Moscow or Washington to bully each other as they grapple with the unraveling of the post-World War II political order in Europe.

One year after the Tiananmen Square episode, China is experiencing an internal resurgence of hard-liner doctrine in hopes of passing the torch to a new leadership which does not deviate from the socialist path.

But beyond Beijing, the Chinese government has pursued a new foreign policy emphasizing pragmatism over ideology, demonstrated by attempts to bolster new relationships and a reluctance to involve itself in regional conflicts.

Earlier this year, high-level Chinese officials sought normalization of ties with New Delhi and Moscow, with Foreign Minister Qian Qichen and Premier Li Peng visiting both capitals respectively. On regional conflicts like Afghanistan and Kashmir, both involving a key ally, Pakistan, the Chinese have been subdued and are seeking to defuse tensions.

Much of China's clout in recent years was promoted through commerce, and primarily via arms exports, particularly to the Middle East. From 1981 to 1985, China sold weapons worth $5.4 billion, most of which ($4.2 billion) went to the Middle East.

But in line with its priority of pursuing economic liberalization and garnering credits from the West, China moved away from the Third World leadership role which was once its hallmark.

South Asia is a case in point of the new Chinese foreign policy. Beijing has stopped all military supplies to the Afghan rebels on the grounds that it no longer views the Afghan situation as a "liberation struggle" now that the Soviets are out.

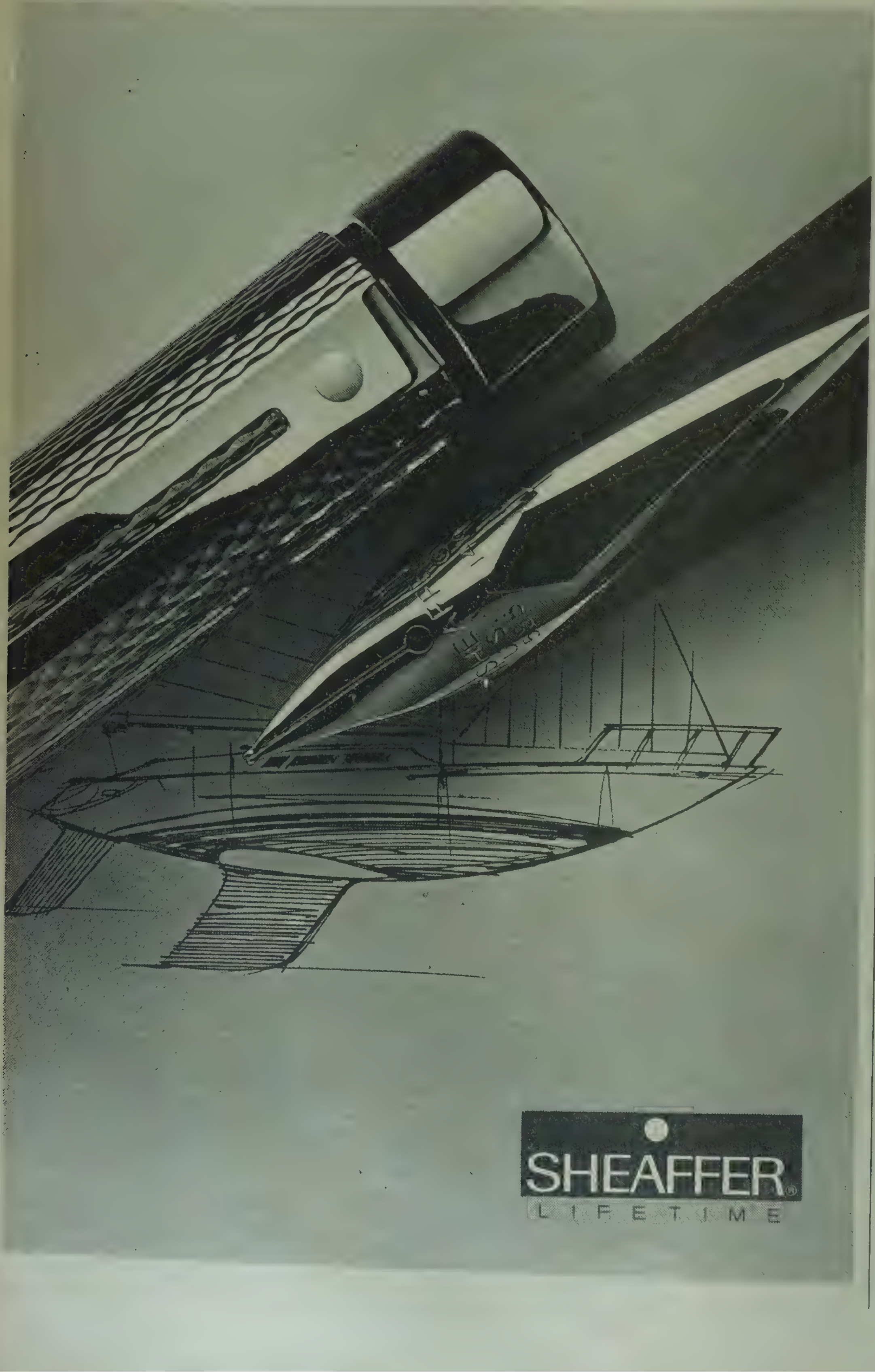
This neutral position was also extended to Pakistan-India feuds when Li Peng, during his November 15, 1989 press conference in Islamabad, dodged a question on whether China would still side with Pakistan in a future war with India.

Even on the Kashmir issue—Pakistan's long-standing claim to India's predominantly Muslim state—the Chinese reaffirmed their support for the Pakistani call for a plebiscite in a manner designed not to offend India.

Notwithstanding these signals of evenhandedness and restraint, China by no means is ready to break relations with Pakistan where the Chinese political and military rapport remains significant, though more low-key.

In the first foreign visit of a major Chinese leader after Tiananmen Square, Premier Li Peng came to Pakistan in November 1989 where he expressed gratitude for the Pakistani role in serving as a bridge between China and Saudi Arabia and China and Iran.◆

Mushahid Hussain reports for *The Nation* from Islamabad.



'Freedom Statue' maker recounts days of protest

Witness embittered, faults government and students

HIS NAME IS Ke Feng. A graduate student at Beijing University during last year's pro-democracy uprising, he and another student bought materials and rounded up artists for a unique project: building the "Goddess of Democracy" statue and placing it in Tiananmen Square. After the June 3rd crackdown, some of Feng's friends were arrested. But the authorities' wrath seems capricious; Fengs says he was never picked up or even questioned. In the fall of 1989, he applied for a visa to the US. He arrived last September and is currently a graduate student at the University of California at Berkeley.

AP / WIDE WORLD

Last year's heady days of dissent.

Why did you build the statue?
I wanted to show some kind of spiritual support for the movement. I also wanted (it) to bring people back to the square. We worked on it day and night because we were rushing to catch up before the whole thing was over. We thought everything was breaking up, people were already leaving the square at that time (May 29).

One of the enduring images for people who saw the crackdown on TV was when the tanks rolled over the statue.
Yes, they killed her. They denied that they killed anybody in the square, but they couldn't deny that they killed the statue. The statue couldn't move and she saw everything—so they killed her.

It seemed as if the pro-democracy movement had a life of its own. Did you get any sense that the student leadership wasn't able to control it?
Yes, it was a sort of day-to-day thing. I think the (student) leadership lost its responsibility to keep the lines of communication open.

They couldn't make any decisions, they didn't have any long-term plans and they didn't know how to move into the future. Perhaps it was because they didn't have the experience.

The (student) leaders shouldn't have lost control—they just marched forward. I think it was simply a lack of thinking. Of course, we should criticize the government more.

Did you believe the government would go so far as to order troops to fire on civilians?
No, it was totally beyond my expectations. My birthday is June 3rd, if I knew they were going to do anything I wouldn't have spent the night in the square with the statue.

You know, many of the (student) leaders left before that night, they had beautiful words, but when it came to action...There was this one student—he was very brave. He (commandeered) a bus and drove it towards the soldiers. They shot the tires out and shot him, he was killed. But at least he did something. I don't think the student leaders would have done something like that.

Before the troops came in, what was the most memorable moment?
I think for me it was the moment when we carried the statue into the square and we had a whole big (crowd) around us. I thought, "I've made history." It was that one time in your life when no one calls you a hero—but you knew it was a heroic moment.

What do you remember most about the killings?
I was pretty close to the soldiers. And they were laughing and jumping around, shooting people with their guns—like they were playing with toy guns. They seemed to have used alcohol or drugs because they were so excited, they were jumping and laughing like in some Hollywood movie. We were pushed back to (the avenues around the square). I was paralyzed with fear. I couldn't believe they were shooting us. From childhood we were taught that they were the people's army—once even I wanted to be a soldier.

The casualty figures range wildly from hundreds to thousands. What do you think?
I think two or three thousand is reasonable. It wasn't just that night, remember, and there was also shooting on the west side of China Ave. I heard a doctor say that the soldiers were going to collect the bodies in one place to reduce the numbers.

We've heard that students at Beijing University have been sent to "re-education" areas. Do you think these efforts will have any effect on students' thinking?
I think if they go back to the campus they will be re-educated by the students. For those who haven't been to campus before, it will be new for them.

I think right now they're just waiting for change. And China will change in 10 years. In the long term I'm very optimistic; in the short term I'm very pessimistic, but it cannot always stay like this.♦

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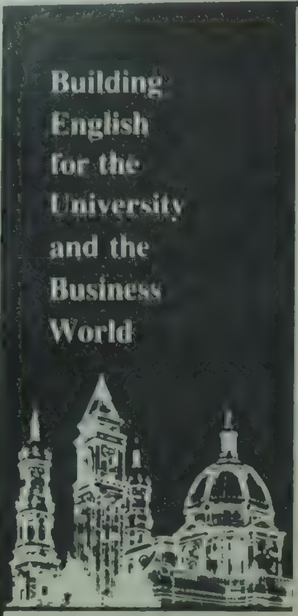
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The return of Mao's army

'People's Army' becomes guardian of ideology again

BY CLARE HOLLINGWORTH
in Beijing, China

IN POST-TIANANMEN CHINA, a reorganized People's Liberation Army (PLA) is emerging as the conservative political base of support for successors to the aged and ailing Deng Xiaoping. The newest "chosen successors"—Communist Party General Secretary Jiang Zemin and Premier Li Peng—made up what were reported to be grave differences of opinion in order to establish a joint political base in the PLA.

On the surface, PLA leaders have turned the clock back on efforts initiated in the 1980s to modernize the PLA by making it a more professional regional defense force. Since crushing the pro-democracy movement last year, the principal role of the PLA has changed back to a Maoist field army responsible for internal security.

A major reshuffle in the PLA to strengthen conservative leadership has been anticipated ever since the last meeting of the National People's Congress—China's parliament—in March and April.

Defense Minister Qin Jiwei, 76, who was reportedly absent from his desk during the early days of June, might retire together with four or five other generals also in their seventies.

Although some reshuffling of regional PLA commanders is expected, most were appointed by Deng and there is little fear that they would be disloyal to him. Despite the "politization" of the PLA, there is some fear amongst the elderly hard-liners that they do not really know the strength of the reformists and as the late Chairman Mao said: "One spark—or incident—can start a prairie fire."

The Quick Reaction Force, created by Deng to deal with incursions and incidents on the border with Vietnam or coastal landings, is now standing on alert, ready to be flown to any city where student or worker demonstrations may get out of hand. Instead of the usual military training exercises, the vast majority of units now spend their time "serving the people" by helping to construct roads, canals, terraces and public buildings.

Two hours a day are devoted to "study," the euphemism for political indoctrination, with the result that soldiers opposed to the present hard-line policies are "keeping their heads down and their mouths closed."

Nonetheless, there has been no shortage of recruits for the PLA this year. Economic rather than political motivations have provided the PLA with more recruits. The declining economy is now chronically sluggish, and authorities admit there are tens of millions unemployed.◆

Clare Hollingworth is a former correspondent for the London *Daily Telegraph* and is currently associated with the University of Hong Kong.

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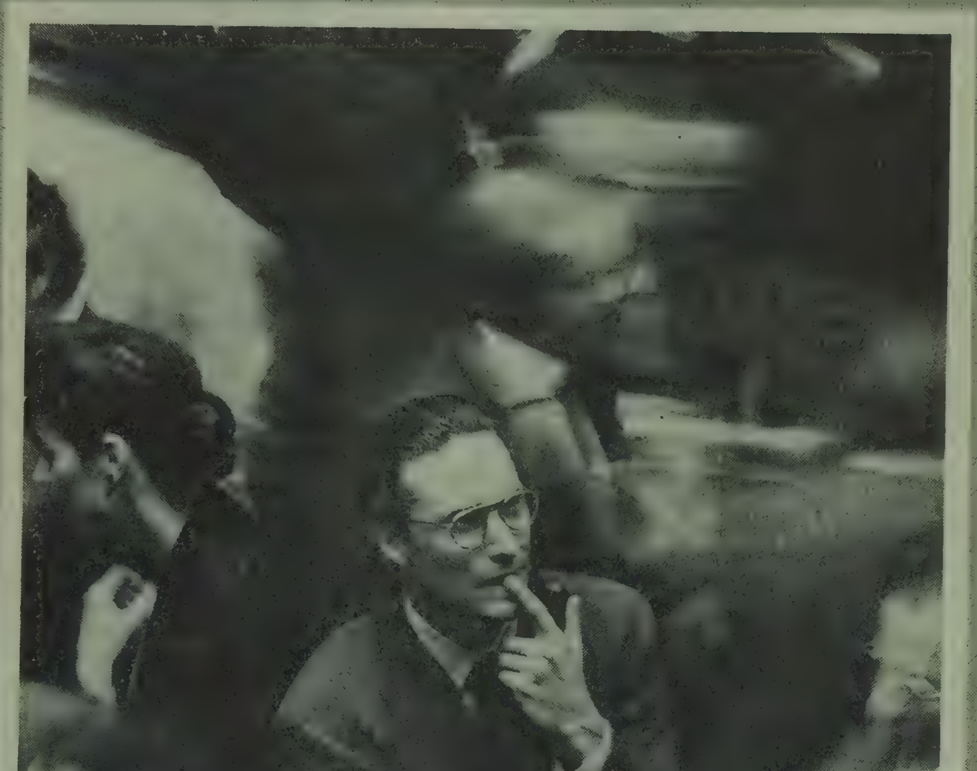

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G-15 SUMMIT

Grouping up is hard to do

'Self help is the best help' may be an old adage. But 15 developing countries got together last week in Kuala Lumpur to give themselves a fresh lesson in its dictates. The G-15 (group of 15), as it is called, had ten heads of governments and representatives of five others exchanging views on their ability to grapple with their "slow growth, unfavourable terms of trade and crushing debt".

Foremost amongst their concerns was how best to reduce dependence on the industrialised countries of the northern hemisphere in terms of aid, loans, investment trade and, of course, debt. They were concerned with how to pre-empt the effect of reduced financial attention that will follow with the changes in East Europe.

Over the last quarter of a century, trade patterns have shifted only marginally in favour of developing countries. Improving South-South trade, then, was a priority. It wasn't the first occasion, though, that such attempts were made to boost intra-developing country trade. The Generalised System of Trade Preference (GSTP) formulated at the first G-77 meet was aimed precisely at this. But it hasn't produced inspiring results. On this occasion, as prime minister V.P. Singh, remarked, "We need a smaller group that can crystallise action."

And two proposals were ratified that may take that step forward. The first will bring greater central bank involvement in payments involving trade between developing countries. This mechanism, proposed by Malaysia, envisages central banks of importing countries fulfilling payment obligations in cases of default on a letter of credit by an importing country's commercial bank. Such an arrangement transfers commercial risk to the central governments. A task force of central banks will formulate the working details of the inter-regional payment agreements on a pilot basis.

The second allows for the formation of a South Investment, Trade and Technology Data Exchange Centre (SITTDEC) to disseminate information on investment and trade opportunities in the South. "We can at least learn about what is happening in the markets of other developing countries," says a government official in the ministry of external affairs.

Two other projects were accepted in principle as mentioned in the joint communique — the establishment of a gene bank and research and development of solar-energy devices. Technology development, in fact, figured prominently right through the summit. This trend was inspired largely by the pressure on India to conform to the Intellectual Property Rights (IPR). India has offered to host a meeting of scientists from G-15 countries to consider the gene bank proposal.

Standing between greater South-South economic co-operation is the obvious diversity in economic, geographical and political conditions, represented by the economies of Peru, Yugoslavia, Senegal, India and Indonesia. Western diplomats are, in fact, certain that for such a diverse collection of countries, forming a cohesive group will be difficult. Few developing economies are complementary in as much as that their import demands can be met through imports from other economies from the South. "What is perhaps needed is a restructuring of markets and a more ambitious payment mechanism," was the view of most leaders.

V.P. Singh (with other dignitaries): "Smaller group can crystallise action"

The trouble with imports

Most developing countries' import demands are made up of technology, capital goods and essential raw materials. Those among the southern countries capable of servicing such demands are few. And if those with the capability do cater to this need, the group would once again fall into the pattern of dominant and dependent members.

Furthermore, how should such imports be financed? Payments in convertible currencies would only return the group to square one. And if trade balancing is thus the only other alternative, it may involve surplus countries making some undesirable imports, leading to situations that may become politically undesirable. This danger was an obvious one at the summit, and which, in fact, forestalled any sort of ambitious pronouncements.

Interestingly, none of the contentious issues facing the developing countries came to the forefront, even though they were mentioned. Neither the $1.3 trillion collective debt of the developing countries, India being uniquely singled out for trade sanctions by the United States under the Super 301 act, the Indian stand on intellectual property rights nor the threat of unilateral action by the US were comprehensively discussed in order to resolve any one of them. Their adverse effects were, of course, referred to.

One resolution, perhaps the only concrete one to emerge from the meeting at Kuala Lumpur, was the agreement to institutionalise the G-15 forum and "act as a pressure group for the developing countries and a permanent mechanism to interact among themselves and with the developed world." The next G-15 summit has been scheduled for June 1991 at Venezuela.

Insignificant as the outcome of this summit might have been, it underscored one crucal realisation: that the developing countries may no longer place the blame for their ills on the developed world. But the future of the group will depend to a significant extent on the collective political will of its members.

■

ARIF SHARIF

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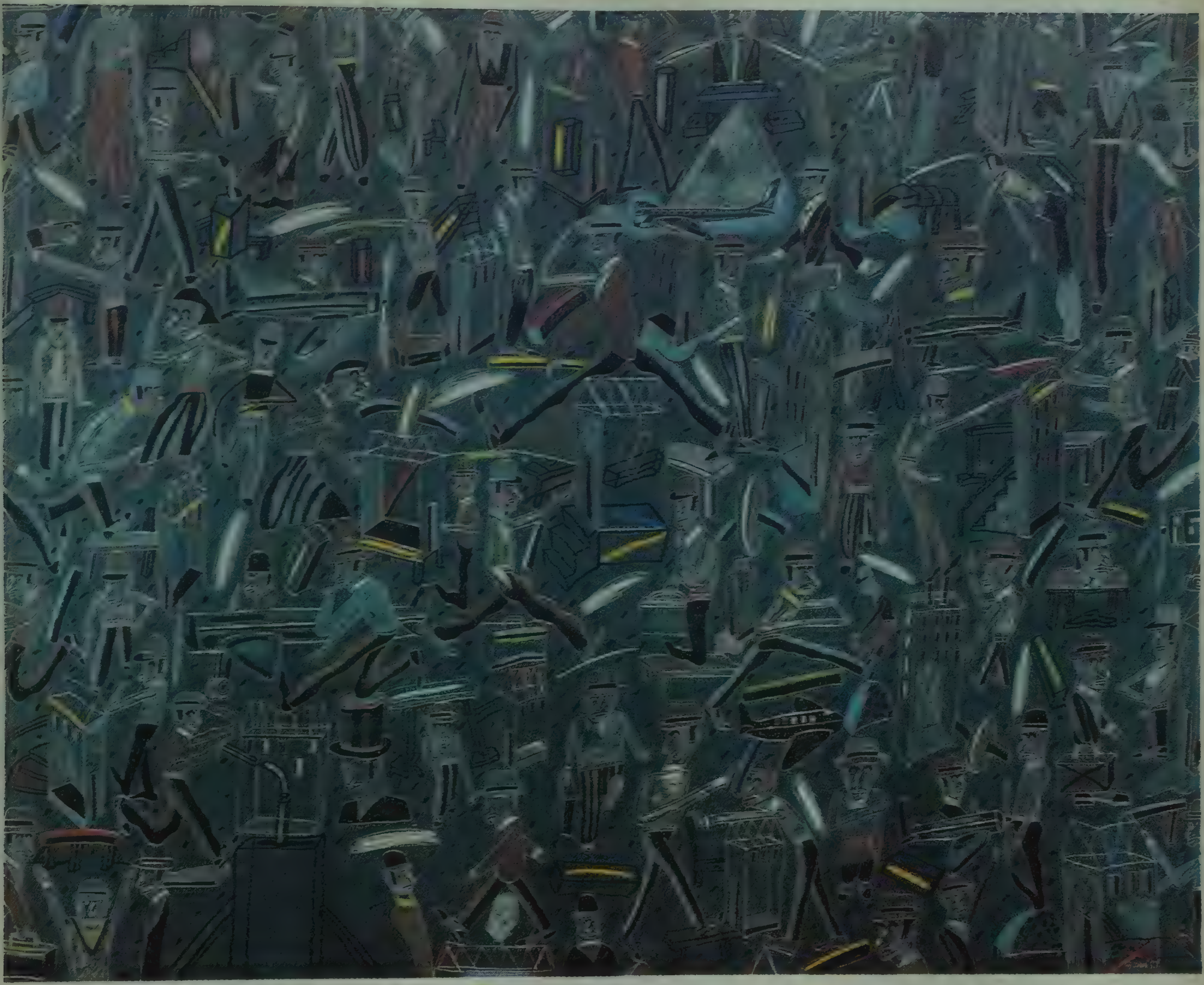

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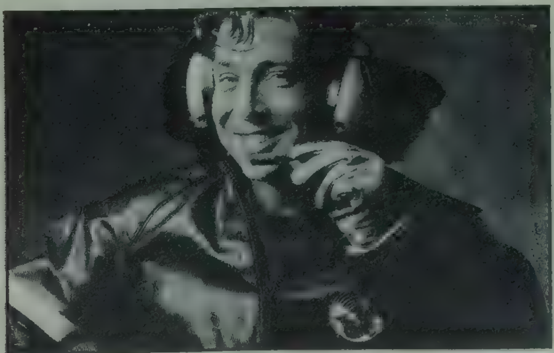

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THE REVOLT OF 1857 ISN'T OVER YET.

Soon enough, we had a foothold in big brand edible oils, performance chemicals, spice extracts, hybrid seeds. And a turnover of Rs.105 crores.

Eventful enough? No.

At a recent board meeting, Bombay Oil decided to set up four new subsidiaries.

Each one geared to take on a different challenge.

The consumer isn't stupid, she's Lalitaji.

Quite clearly, the future lies in marketing.

That's why, even though Parachute is the largest selling brand of packaged coconut oil in India, and Saffola the largest brand in its own category, we're not resting on our laurels.

We've launched yet another edible oil, Sweekar, nationally.

And we're consolidating our consumer products in a new company — Marico Industries Ltd.

So we can effectively concentrate on nurturing existing brands, as well as launch a range of new consumer products.

Another division gone to seed.

We have already evolved original hybrid seeds of sunflower, cotton and pearl millets.

Research is on for dozens of other crops.

A recent introduction is a hybrid cottonseed with faster yield.

To turn all this into a large scale activity, we've set up a new company — EPRO Seeds and Oils.

Our chemicals division has just exploded.

We're the only guys to have a really vast range of oleochemicals, speciality chemicals and performance chemicals.

Leading national and multi-national chemical manufacturers like IPCL, Pfizer and Cyanamid rely on us.

Though we've been leaders in oleochemicals for years, we continue to expand our range.

As a first step, we have just acquired a chemical unit at Pune — Hindustan Polyamides & Fibres Ltd.

Gentlemen, the revolution will continue at the next board meeting.

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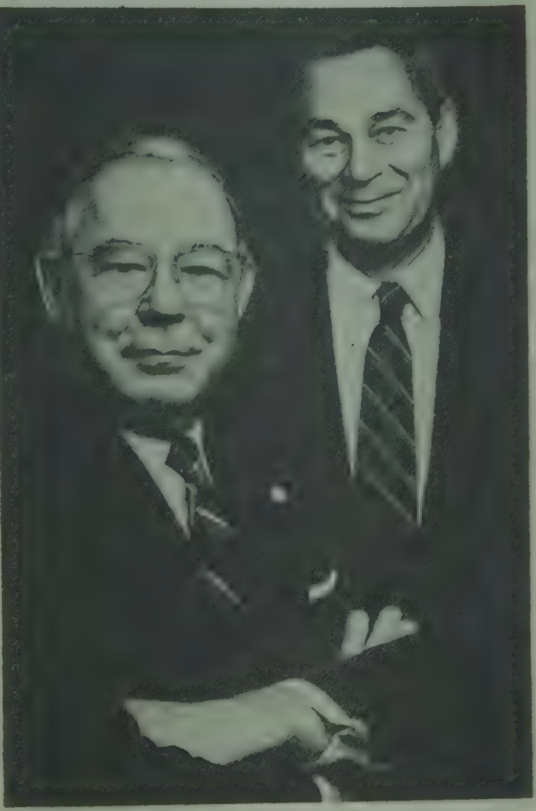

Clausen (sitting) with Rosenberg: passing on a great legacy

A.W. Clausen, chairman of Bank of America Corporation, retired on 24 May 1990 — for the second time. The first time, in 1981, was after a decade of running Bank of America (BoA) efficiently and consolidating its position to make it the world's largest and most profitable bank. He had simultaneously worked his way up to the presidency of the World Bank. This May, after a three-year struggle, Clausen wiped BoA's balance sheet clean of the massive losses it had accumulated since 1985, and put the bank back into the mainstream of banking in the US.

One of the several problems which led to the decline of BoA in the mid-eighties was loans to developing countries which had turned bad — an ailment common to all US banks. But unlike the others, BoA also had bad loans at home on its credit portfolio — shipping, real estate, agriculture related business, credit cards and leasing. Thus its problems were more serious than what the other US banks faced, says Thomas E. Peterson, vice-chairman of BoA's consumer banking group, while talking to *Business India* about BoA's remarkable turnaround.

Decline in income

Ironically, it was BoA's too rapid expansion which caused the deterioration in quality of the bank's credit portfolio. Soon, BoA started experiencing a decline in its net income. From $ 456 million in 1981, when Clausen retired, net income dropped to $ 346 million in 1984 — almost 32 per cent in three years. And the very next year net income plunged disastrously to losses of $ 337 million. The next two years were gloomier still; in 1986 the losses increased to $ 518 million and in 1987 it touched $ 955 million. Fortunately for BoA, the 1987 figures were not so menacing because they included a provision of $ 1.1 billion for bad loans to developing countries.

Sam Armacost, then chairman of BoA, a man whom Clausen himself had chosen and groomed as his successor, had not tackled BoA's problems decisively. So the board of directors recalled Clausen. "He was a stabilising element," explains Peterson. "He knew the bank and how it ran." Clausen, brought in as a troubleshooter, had to steer BoA out of the mess which was the result of one of his own initiatives going wrong — international expansion and aggressive balance sheet growth. How did Clausen bring about what the *Wall Street Journal* termed as "the biggest turnaround in US banking history"?

Clausen's first task on resuming office in 1986 was identifying the cause of the problem. BoA needed to improve the performance of the credit portfolio, reduce overall expenses, build up capital strength (particularly equity capital) and divest business and operations not essential to its strategic objectives. His specifications for these objectives were clear: BoA was to aim at becoming the premier retail bank in the western region of the US; it was to be a pre-eminent wholesale bank by offering services like credit, capital market, investment banking and payment services as a whole package in the American and world markets.

According to Peterson, BoA had to be a retail bank because of its strong branch network in California and its familiarity with this market. Besides, this region's sound economy offered BoA an additional advantage over the other large US banks like Citicorp.

Once the objective was made clear, BoA concentrated on increasing its commercial and industrial loans, exchanging real estate loans for mortgage-backed securities and packaging and selling consumer loans at home. Meanwhile, in the overseas sector, it cut back on lending activities, restructured some loan schemes and also provided for credit losses.

Broadening the base

By 1989, BoA had covered 47 per cent of its Third World debt exposure while a reduction in non-strategic assets and the issue of capital securities started improving BoA's capital ratios by 1987. Controlling expansion did of course mean a decline in BoA's international deposit base.

In order to remain profitable, BoA decided to broaden its domestic customer base by offering several customer-tailored financial packages. This strategy kept expenses down. They were further lowered by laying off extra personnel and developing efficient, automated systems to provide better retail services. Between 1985 and 1988 more than 20,000 employees were laid off, bringing the staff strength down to 61,020 in 1988.

The cumulative result of these efforts was that in 1988 BoA reported a net income of $ 726 million, which rose to $ 1.1 billion in 1989 — the highest ever in BoA's history. Its earnings at $ 5.19 per share in 1989 was also a record. Compared to the recommendations of the Cooke Committee, a body which was set up in the late eighties to help settle developing nations' debts, BoA's risk based capital ratio was a healthy 9.45 per cent for 1990, as against the specified 7.25. For 1992 the ratio for BoA was 9.11 per cent, while the committee's was 8 per cent. As for expenses, from spending more than 80 cents to bring one dollar of revenue in 1986, BoA brought this cost down to 63 cents in 1989.

Richard M. Rosenberg is the man who now dons the august mantle. "Rosenberg is a thorough retail banker, is humane and a good leader," says Peterson. A retail banker, he played a key role in getting BoA's retail function back on the rails during Clausen's tenure. It now contributes 60 per cent of BoA's business. With the right man at the top, Bank of America "is the financial services company best positioned for the 1990s," as *Forbes* magazine comments.

■ ALPANA KILLAWALA

Sandvik Asia

Maintains dividend; teething trouble in setting up its own marketing network; exports up; margins under pressure

Sandvik Asia is a FERA company in which Sandvik AB, Sweden, holds more than 54 per cent of the shares. The company's main product lines include the manufacture of tungsten carbide products and sophisticated machine tools which find application in diverse fields ranging from rock drilling and mining to machining of metals.

Till a few years ago, the marketing of rock drilling products was done by Atlas Copco, an erstwhile company in the parent group. However, since the break-up of the marketing arrangement, Sandvik Asia has developed its own marketing set-up. The initial teething problems caused by the setting up of a full-fledged marketing network has had an adverse impact on the sales of mineral tools and rock drilling products during the current year. Although this was to some extent offset by the increased offtake of cutting tools, the total invoicing for 1989 (Rs.49.76 crore) represented only a modest growth of 10 per cent over the previous year.

Sandvik Asia *(Rs crore)*

Year ended	31 Dec 89	31 Dec 88	% change
Sales	49.76	45.81	9
Other income	1.31	0.82	6
Total income	51.07	46.63	10
Excise	8.80	8.48	4
Material costs	14.64	12.36	18
Personnel expense	0.67	0.61	10
Interest	2.03	1.79	13
Gross profit	6.89	6.71	3
Depreciation	2.37	2.22	7
Taxation	1.98	1.78	11
Net profit	2.54	2.71	– 6
Share capital	5.76	5.78	
Reserves	10.40	8.79	
Borrowings	11.42	11.01	
Gross block	29.33	27.70	
GP sales (%)	13.8	14.6	
Dividend (%)	25.00	25.00	
Market price (Rs)			
Current:	660.00		
1990: High	825.00		
Low	590.00		

On the export front the company earned Rs.1.14 crore as against Rs.65 lakh in 1988, by developing markets in the USSR, Switzerland, Sweden and other European and South-East Asian countries. The growth in sales is not however matched by a corresponding increase in profit. The margins have in fact declined at gross levels following the rise in interest charges, inventory carrying costs and an increase in raw material costs.

A higher depreciation charge has been necessitated by the investments made in the setting up of a new, more efficient plant, electronic automatic press, etc. Consequently, net profit has declined modestly by 6 per cent. Notwithstanding the lower earnings, dividend has been maintained at 25 per cent. This involves an outgo of 54 per cent of the net profit.

The cash earnings per share works out to Rs.85 per share. Despite the sedate performance during the year the company is hopeful of doing well in the coming year. The order intake of exports at the end of December 1989 stood at Rs.1.19 crore. During the first 3 months of this year the company has secured orders worth Rs.1.05 crore. While anticipating an improvement in profitability, the directors have cautioned that the new wage accord is due to be signed in the current year.

E. Merck (India)

Satisfactory results; 100 per cent EOU on the anvil; dividend up 5 points; diversification plans on

Optimum utilisation of resources, improved efficiency of operations and various diversified activities undertaken during the year have together enabled E.Merck (India) to post reasonably satisfactory results for the year ended December 1989. Higher exports, especially to the USSR, Poland, Sri Lanka and Nepal, have earned Rs.4.07 crore for the company, more than 100 per cent above the earnings of Rs.1.78 crore achieved in the previous year. The company, whose activities were hitherto limited to the manufacture of bulk drugs, formulations and fine chemicals, entered another profitable business during the year by launching a diagnostic project with a countrywide distribution network. This move has been welcomed by the medical profession.

E.Merck (India) *(Rs crore)*

Year ended	31 Dec 89	31 Dec 88	% change
Sales	65.46	51.31	28
Other income	1.89	1.28	47
Total income	67.35	52.59	28
Material costs	36.69	26.78	37
Personnel exp	8.67	7.95	9
Interest	2.82	2.14	32
Other expenses	14.47	11.88	22
Gross profit	4.70	3.86	22
Depreciation	0.99	0.84	18
Taxation	0.60	1.03	– 42
Net profit	3.11	1.99	56
Share capital	5.94	5.94	
Reserves	7.78	5.88	
Borrowings	20.98	11.12	
Gross block	26.50	16.13	
Dividend (%)	25.00	20.00	
Market price (Rs)			
Current:	84.00		
1990: High	97.00		
Low	55.00		

With the completion of various expansion and diversification projects, the company is well set to register an appreciable growth in coming years. Plans to set up a 100 per cent export oriented unit are on the cards. Meanwhile, the company has also received a licence for manufacturing one tonne of vitamin K-I per annum.

Anticipating better prospects, the shares of the company are being steadily acquired by investors on the BSE. The current rate of Rs.85 discounts the average earnings per share by 16 times.

MICO

Suffered a slight setback in working; cost of production increased; net profit declines; exports up; dividend maintained

With the runaway boom in the automobile sector over the past couple of years, one would have expected automobile ancillary units to post vastly improved performances during 1989, taking into consideration the tremendous upsurge in both the original equipment as also the replacement markets.

Surprisingly, Motor Industries Company (MICO), India's largest auto ancillary manufacturing unit, does not reflect the boom conditions in its performance. Indeed, the net profit of the company has actually declined by 3 per cent, despite a lower provision of 18 per cent for taxation.

The reason for this drop is that profits of MICO were affected by increases in maerial costs, personnel costs and also higher depreciation charges which could not be fully offset by price increases and ales volume growth.

In value terms sales registered a growth of 16 per cent. While the tractor market was good, supplies to the automobile industry were affected by the disruption in the manufacturing activity of one of the company's major customers. The spares market remained fairly buoyant following increased activity in the road transport, agricultural and industrial sectors. However, the demand for spark plugs was affected by the easy availability of imported spark plugs at lower prices. A redeeming feature of the company's performance was the sharp rise in exports sales following the increased demand from West Germany for distributor type pumps. Major gains were also recorded by the company in the South-East Asian markets, where the turnover registered a 60 per cent increase over the previous year.

MICO *(Rs crore)*

Year ended	31 Dec 89	31 Dec 88	% change
Net sales	263.74	228.26	16
Other income	5.77	5.14	12
Excise duty	30.66	28.52	8
Raw material costs	75.33	65.64	15
Salaries & wages/ employees cost	63.76	50.43	26
Other expenses	50.74	43.71	16
Interest	0.38	0.29	31
Gross profit	48.64	44.81	9
Depreciation	22.53	15.64	44
Taxation	11.50	14.10	− 18
Profit after tax	14.61	15.07	− 3
Equity capital	38.05	38.05	
Reserves & surplus	67.85	56.44	
Gross block	186.89	148.37	
GP/sales (%)	18.4	19.6	
Dividend (%)	14.00	14.00	
Market price (Rs)			
Current	835.00		
1990: High	1,200.00		
Low	560.00		

Despite the growth in sales, profit margins continue to remain under pressure. The ratio of gross profit to sales has dipped to 18.4 per cent (19.6 per cent). The rising raw material cost, both in the domestic as well as imported markets (following the weakening of the rupee vis-a-vis the major currencies), is one of the major factors which has inhibited profit growth. The total value of imports, including raw materials components, spare parts and capital goods aggregated Rs.19.82 crore as against Rs.16.85 crore. Besides, the company also had to contend with a higher inventory carrying cost and delayed receipts from customers. Inventories at the end of the year mounted to Rs.31.82 crore (Rs.22.46 crore) while sundry debtors aggregated Rs.30.88 crore (Rs.27.91 crore).

Dividend maintained at the previous year's level absorbs Rs.5.33 crore. The dividend payout ratio is slightly higher — 36 per cent (35.4 per cent). The average earnings per share is Rs.38.38 as against Rs.39.61. The company has commenced production of starter motors and alternators at its Naganathapura plant. It has also received an industrial licence for the manufacture of hydraulic and pneumatic equipment. Approval has also been obtained from the government to act as the representative for Bosch products in India.

20th Century Finance Corporation

Fared reasonably well in competitive conditions. Bright prospects. It is diversifying into other activities and the budget proposals are favourable

20th Century Finance Corporation *(Rs crore)*

Year ended	31 Mar 89	31 Mar 88	% change
Leasing income	26.83	23.30	15
Hire purchase	4.48	1.85	142
Other income	1.91	1.20	59
Total income	33.22	26.36	26
Salaries	0.23	0.17	35
Interest	11.51	8.10	42
Gross profit	19.58	16.70	17
Depreciation	14.75	12.46	18
Taxation	0.79	0.68	16
Net profit	4.04	3.56	13
Share capital	8.88	8.88	
Reserves	16.37	11.29	
Borrowings	96.73	67.37	
Gross block	126.84	108.62	
GP/sales (%)	58.9	63.3	
Dividend (%)	22.00	22.00	
Market price (Rs)			
Current	29.50		
1990: High	37.00		
Low	14.00		

The leasing industry, which had stagnated over the past few years, is expected to get a boost with the abolition of the deduction available from the investment allowance reserve announced in the latest Union budget.

While income from leasing rose by a modest 15 per cent, income from hire-purchase business jumped significantly. Gross disbursements from both leasing and hire-purchase business, including disbursements under special schemes with the banks, registered an appreciable growth of 55.2 per cent to touch Rs.53.60 crore. The change in the business mix has also resulted in higher gross profits, although profit margins have declined.

During the year the company made a concerted thrust into retail financing by setting up a separate division for consumer finance. The good response evoked for auto and consumer durable financing helped the company disburse Rs.25.10 crore — nearly 125 per cent higher than the previous year. The company also deployed funds profitably in the capital and short-term money markets.

The gross financial assets of the company stood at Rs.190.13 crore (Rs.130.04 crore) comprising of gross leased assets of Rs.122.55 crore (Rs.101.69 crore), stock on hire of Rs.46.96 crore (Rs.28.35 crore) and other financial assets of Rs.20.22 crore.

In the current year the company hopes to do even better. Lease and industrial hire purchase contracts aggregating Rs.15.70 crore have already been signed. With a view to expanding its business, the company has set up a branch at Bangalore in addition to the one at Madras.

Diversification plans include the setting up of a separate venture capital company with equity participation from financial institutions. Another company for financing two-wheelers is also proposed to be set up in collaboration with the Kinetic group of Pune.

ECE Industries

Delayed receipts from customers result in higher interest costs; dividend up by 3.2 points; bonus overdue; modernisation and expansion of the lamps division in progress.

ECE's margins were under pressure during the year ended 31 March 1990 due to higher interests, depreciation and tax liability. The company manufactures trans-

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The DBF Programme	The DBF Programme (Diploma in Basic Finance) is designed to help Business Executives get a good insight into Finance through structured self-study at home. The Programme covers the essentials of finance through a mix of four core and two elective modules.
Programme Coverage	**Core Modules** ● Financial Statement Analysis ● Management Accounting & Control ● Working Capital Management ● Project Finance & Appraisal **Elective Modules (any two)** ● Marketing Finance ● Production Finance ● Project Management ● Financial Services ● Personal Finance & Investments ● Management Control & Reporting System ● Financial Management in Public Enterprises
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ormers, lamps, tubes, meters, elevators, witch and control boards etc. Transormers account for 45 per cent of total ales and the lamps division for 23 per ent. The working of these two divisions mproved considerably due to higher ales volumes and better sales realisaion. This helped offset the adverse workng of the meter division which suffered lue to labour problems and delayed paynent from customers.

Net sales during the year under review ncreased while other income declined. Input costs were marginally higher. Nevertheless, operating profit increased by 37 per cent to Rs.9.43 crore (Rs.9.77 crore).

ECE Industries *(Rs crore)*

Year ended	31 Mar 90	31 Mar 89*	% change†
Net sales	67.18	76.64	24
Other income	1.12	2.32	31
Raw material & components consumed	27.69	31.22	25
Employees cost	6.66	9.76	3
Other expenses	11.93	14.31	18
Interest	2.94	2.38	75
Depreciation	0.97	0.64	114
Tax	1.90	1.87	44
Net profit	3.62	4.54	13
Equity capital	3.82	3.82	
Reserves & surplus	22.39	19.46	
Borrowings	21.28	13.87	
Gross block	28.96	20.15	
Dividend (%)	18.00	21.00	
Market price (Rs)			
Current	50.50		
1990 High	53.00		
Low	48.00		

**17 months   † annualised*

With slower recovery from customers (particularly the state electricity boards), debtors outstanding increased from 2 months of sales to 3.6 months on an average. The company also added Rs.7.70 crore to the gross block of the lamps division. These two factors pushed borrowings up from Rs.13.86 crore to Rs.21.28 crore. This raised interest costs by 75 per cent. Interest cost as a percentage of total revenue was up from 2.6 per cent to 3.8 per cent.

The operating margin improved from 10.8 per cent to 12.1 per cent. Gross margin was marginally higher at 8.3 per cent (8.2 per cent). Net margin declined to 4.6 per cent (5 per cent). EPS has moved closer to the face value at Rs.9.5 against an annualised EPS of Rs.8.4 for the previous 17-month period. This prompted the management to step up dividend by 3.2 points to 18 per cent against 14.8 per cent on an annual basis in the previous 17-month period. With free reserves at six times the equity capital, the scrip is overdue for a liberal bonus.

The production of the lighting division was lower as the existing 16 sq. metre glass furnace remained overloaded. The company installed a 20 sq. metre furnace worth Rs.2 crore for manufacturing soda lime glass. The position of the order book for the transformer and switchgear divisions continues to be encouraging. The production of the first ACVV prototype elevator was delayed due to difficulties with technology absorption.

The company's prospects are reasonably bright. It is adding balancing equipment to the lamps division which will boost production. The modernisation of the lamps division will start yielding results in the current year. The elevator division, through quality production and improved maintenance services, is expected to turn the corner during the current year.

TRENDS

Bharat Gears

Bharat Gears Ltd, a Raunaq Singh group company, has reported a smart turnaround for the 8-month period ending March 1990.

Sales during this period amounted to Rs.40.02 crore, as against Rs.47.52 crore recorded in the previous 18-month period ended January '89. A tight control on raw material expenses coupled with higher production has resulted in operating margins (before interest) moving up to 17.59 per cent (12.41 per cent).

Gross profit amounted to Rs.3.59 crore with profit after tax totalling Rs.1.39 crore. The substantial improvement in profitability levels between August '89 to March '90 was partly due to a productivity linked incentive scheme introduced in October '89, coupled with a continued good demand.

Had the company not incurred a net loss of 0.97 crore during the first half of the accounting year (1989-90), the bottomline would have been much higher.

For the full 14-month period ended March 1990, the company has clocked a turnover of Rs.56.60 cro[illegible] 47.52) with gross profits and net profits placed at Rs.3.82 crore (1.44) and 0.42 crore (net loss of Rs.0.74 crore) respectively.

Bharat Gears *(Rs crore)*

Period	Aug 89-Mar 90 (8 months)	Jan 89-Mar 90 (14 months)	July 88-Jan 89 (18 months)
Net sales	40.02	56.60	47.52
Raw materials costs	13.85	19.93	16.67
Interest	3.45	5.35	4.46
Gross profit	3.59	3.82	1.44
Depreciation	2.20	3.40	2.18
Tax	—	—	—
Net profit	1.39	0.42	(0.74)
GP/sales (%)	8.97	6.75	3.03
RM/sales (%)	34.60	35.21	35.07

The company's share price has also evinced keen investor interest following an improvement in its performance. This has resulted in a sharp rise in price of the scrip from the Rs.24 to 28 levels in last two months to its present levels of around Rs.35 to 36.

Polychem

Polychem has improved upon its previous year's performance. Although sales for the second half show a modest decline, operating profits have risen considerably following a steep decline in raw material cost. This could be due to the drop in raw material prices globally.

Interest rates have gone up by more than 50 per cent, partly due to higher borrowings necessitated for funding its expansion projects. Depreciation charges are also higher for similar reasons. The expansion charges have in all probability allowed the company to claim a higher

Polychem *(Rs crore)*

Period	Oct 89-Mar 90	Oct 88-Mar 89	April 88-March 89
Net sales	59.93	60.89	112.40
Other income	0.74	0.78	1.13
Raw material	21.24	29.52	51.73
Salary & wages	2.85	2.82	5.16
Operating profit	9.53	7.74	15.65
Interest	2.05	1.40	2.78
Gross profit	6.15	5.54	10.55
Depreciation	1.33	0.84	2.32
Taxation	0.77	1.90	2.95
Net profit	4.05	2.80	5.28
GP/sales (%)	10.3	9.1	9.4
RM/sales (%)	35.4	48.4	46.0

tax rebate on the investment allowance reserves. But as tax provision is considerably lower at Rs.77 lakh as against Rs.1.80 crore, the company netted higher profit.

Escorts

There has been a vast improvement in the overall performance of Escorts. While sales have risen by 28.9 per cent, operating profit reflects an impressive rise of 52 per cent. The gross profit earned during the period has increased by more than 85 per cent over the profit earned in the previous 15 month period, on an annualised basis.

Escorts *(Rs crore)*

Period	Oct 89-Mar 90	Oct 88-Mar 89	Jan 88-Mar 89
Net sales	391.38	303.60	758.99
Other income	7.50	9.75	24.37
Total income	398.88	313.35	783.36
Raw material cost	259.01	205.30	513.31
Salary & wages	34.80	28.10	70.27
Other expenses	69.35	56.45	141.06
Operating profit	35.72	23.50	58.72
Interest	10.84	10.40	25.92
Gross profit	24.88	13.10	32.80
Depreciation	6.48	4.60	11.40
Taxation	7.00	1.35	3.40
Net profit	11.40	7.15	18.00
RM/sales (%)	66.2	67.6	67.6
GP/sales (%)	6.4	4.3	4.3

The absorption of the tractor making subsidiary during the year is reflected in the improved sales position. Even the motor cycles division has shown good progress. Production of tractors during the year has gone up to 25,625 units from 22,397 units produced in the previous period (annualised). Motor cycles sales have gone up to 1,56,902 from 1,46,030.

The Great Eastern Shipping

Going by the figures posted by Great Eastern Shipping, the country's premier shipping company, one can be sure that boom time in shipping is on the wane. Although the freight earnings have gone up by 44 per cent during the second half, gross profit rose only by a modest 15.7 per cent. It is true that the previous period's profit included the extra ordinary item of gain on 'sale' of ships amounting to Rs.9.95 crore, but even after excluding this item and income from other sources, the gross profit has not gone up correspondingly. In the entire year, gross profit has gone up by just 36.5 per cent in the peak of the boom period.

A higher depreciation provision has limited the growth in the pre-tax profit to 9.9 per cent only. The net profit earned during the second half is in fact marginally lower than the profit earned in the first half. Out of the total profit of Rs.43.44 crore earned during 1989-90, income from other sources comprises Rs.6.45 crore and income from the sale of ships Rs.9.54 crore. Considering all these factors, the shares at Rs.50 seem properly priced.

Great Eastern Shipping *(Rs crore)*

Period	Oct 89-Mar 90	Oct 88-Mar 89	July 88-Mar 89
Operating income	114.16	79.28	111.92
Other income	3.70	1.68	2.37
Profit on sale of ships/assets	3.30	9.95	9.95
Operating expenses	27.49	16.02	22.68
Salary & wages	9.39	7.12	10.94
Other expenses	35.15	25.26	36.24
Interest	7.72	6.73	9.32
Gross profit	41.41	35.78	45.06
Depreciation	15.93	12.60	17.94
Taxation	4.13	3.77	4.39
Net profit	21.35	19.41	22.73
GP/sales (%)	36.3	45.1	40.3
NP/sales (%)	18.7	24.5	20.3

RESULTS ANNOUNCED

Glaxo India

Glaxo India Ltd has recently announced its full year results for the period ended March 1990. The turnover in this period was Rs.334.13 crore against Rs.223.52 crore in the previous 9 month period. (Rs.298.02 on annualised basis).

The post tax profits show a marginal drop of 15 per cent on an annualised basis to 15.37 crore against Rs.13.64 crore recorded in the previous 9 months period. The company has declared a final equity dividend of 15 per cent which together with the earlier interim of 12 per cent makes a total of 27 per cent for the full year. (Previous year dividend paid was 20 per cent for 9 months.)

Madhusudan Industries

Madhusudan Industries, a company that went public in October 1989, has posted encouraging results for the six months ended 31 March 1990.

The company has netted a turnover of Rs.37.17 crore compared to Rs.32.28 crore achieved during the seven months ended 31 March 1989. On an annualised basis, this works out to a 50 per cent increase. The net profits have risen by over 101 per cent on an annualised basis to Rs.64 lakh.

The company's Vanaspati and Ceramic divisions are reportedly doing well. Plans are afoot to raise the solvent extraction capacity by 50 per cent to 45,000 mtpa. In a later stage, this will be further increased by 15,000 tpa.

IN BRIEF

Greaves Cotton has converted its shares valued at Rs.100 each, to 10 of Rs.10. The company expects a 25 per cent growth in turnover this year.

VST Industries has launched a new brand, Kingston Mini Kings, for export markets in West Asia. The company has recommended a dividend of 30 per cent on its expanded equity capital of Rs.9.65 crore.

BCC Fuba, manufacturers of printed circuits will shortly enter the capital market. The company has entered into technical collaboration with Fuba Hans Kolbe & Co, West Germany.

J.K. Petrochemicals has signed an MOU with AMOCO, USA for transfer of technology for the proposed PTA plant at Salempur. Earlier the company had signed an MOU with UOP, USA for its Aromatics plant.

Gujarat JHM Hotels promoted by JHM Hotels, USA and Gujarat Industrial Finance Corporation is setting up a Rs.11 crore five star hotel at Surat. The company will be shortly entering the capital market in order to part finance this project.

Arlabs, manufacturer of dyes and intermediates is coming out with a convertible rights debenture issue to finance its modernisation and expansion programmes.

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Polar Latex

Polar Latex Ltd (PLL) is a new company being promoted in the joint sector wherein IPICOL will hold 26 per cent of the company's equity capital at Rs.87 lakh, while the Polar group a point lower.

The 15-year-old, Rs.60 crore Polar group is involved in diverse activities which include speciality papers, hand tools, forgings, marble tiles, minerals and latex products. PLL has entered into a technical agreement with Hindustan Latex Ltd, the largest manufacturer of condoms in the world. This agreement besides providing for supply of knowhow and basic engineering will also undertake the performance guarantee for the 160 million pieces per annum plant.

Polar Latex

Issue opens on	:	19 June 1990
Size of issue	:	Rs.3.35 crore
To Indian public	:	Rs.1.27 crore
Instrument	:	Equity shares of Rs.10 each, of which Rs.5 payable on application and balance due on allotment
Promoters	:	Polar group and Industrial Promotion & Investment Corporation of Orissa (IPICOL)
Project	:	Setting up a plant for the manufacture of rubber prophylactics
Cost of project	:	Rs.9.50 crore
Plant location	:	Balasore, Orissa
Listing	:	Bombay, Calcutta, Delhi, Bhubaneshwar

As much as 70 per cent of the company's production will be absorbed by the government while the balance will be marketed directly by PLL under the brand name 'Adam'.

"With the fear of AIDS having gripped the western world, overseas markets are attractive. Even the international prices for condoms are very lucrative," says Sunil Agarwal, managing director, PLL. The company has already received export orders from Russia, North America and Canada.

At present there is a large gap between demand and supply for condoms in the country. According to a market survey carried out by the Operations Research Group (ORG), as against an estimated demand at 2,400 million pieces by 1993, the installed capacity in the country would be only 1,213 million pieces. The current demand is about 1,300 million pieces, a big chunk of which is being imported and smuggled into the country.

Auto Tension

Auto Tension Ltd (ATL) is a new company initially promoted in 1985, but delayed due to various reasons. "The delay caused a project cost over run of over 50 per cent. The initial cost was Rs.6.84 crore," explains S.L. Chopra, director, ATL.

The company has technically collaborated with Stumpp & Schuele. Technical assistance will be on a continuous basis for an initial period of 10 years. "During this period, ATL will have access to all technical developments made by the collaborators," says Chopra.

Of the total amount spent on plant and machinery at Rs.5.13 crore, which is 56 per cent of the project cost, a large chunk at Rs.4.79 will be imported. All the production machines and testing equipments have been imported from West Germany and Holland. The company has commenced commercial production since April 1990.

Auto Tension

Issue opens on	:	12 June 1990
Size of issue	:	Rs.2.81 crore
To Indian public	:	Rs.1.61 crore
Instrument	:	Equity shares of Rs.10 each, of which Rs.5 payable on application and balance due on allotment
Promoters	:	S.L. Chopra
Project	:	To manufacture helical/coil springs with an installed capacity of 2,400 mtpa
Cost of project	:	Rs.9.15 crore
Plant location	:	Ghaziabad, UP
Listing at	:	Ahmedabad, Bombay, Calcutta, Delhi, Madras

While the project's cash break-even point is 32 per cent of capacity, the company is hopeful of achieving 60 per cent in the first year (1991) itself when it expects to clock a turnover of Rs.6.5 crore with a gross profit of Rs.1.62 crore.

ATL will produce a wide range of springs made from wire of 0.1 mm to 16 mm diameter, the maximum range possible in cold rolling. Given the growth in the automobile sector, Chopra envisages great potential for quality springs. "Almost 60 per cent of the company's production will cater to the Indian automobile sector, besides exploiting the export markets," says Chopra.

Onida Saka

The Onida group, manufacturers of one of the most popular brands of television and audio sets in the country, is getting ready for a huge expansion. Additional capacity for audio is being set up at both NOIDA and at Badarpur in Delhi. Badarpur, along with Pithampur in Madhya Pradesh, will also house additional capacity for colour and black & white TV sets.

Onida Saka

Issue opens on	:	18 June 1990
Size of issue	:	Rs.5 crore
To Indian public	:	Equity Rs.60 lakh plus partly convertible debentures of Rs.200 each worth Rs.2.6 crore
Instrument	:	Combined issue of equity shares and partly convertible debentures
Promoters	:	L.G. Mirchandani, Gulu Mirchandani, Sonu Mirchandani
Object of issue	:	CTV and B/W sets capacity expansion as well as in audio sets
Cost of project	:	Rs.7.5 crore
Location	:	Pithampur, MP, Badarpur in Delhi and NOIDA in Ghaziabad Dist, UP
Listing	:	Delhi, Bombay, Calcutta, Bangalore, Madras and Ahmedabad

The promoters, who are directors of Onida Saka Ltd, are confident of doing very well in view of the forecast of the department of electronics that demand for CTV will go up to 2.6 million by 1993-94, from the present 1.3 million.

The project is expected to cost a total of Rs.7.5 crore of which Rs.2.4 crore will come from an equity issue, Rs.3.6 crore from 14 per cent secured redeemable, partly convertible debentures and Rs.1.5 crore from foreign currency loans.

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TOCKMARKET REVIEW

Record performance

(For the period 21 May to 2 June 1990)
BSE National Index on 2nd June = 429.74, up from 418.06 (+ 2.8%)
BSE Sensitive Index on 2 June = 799.5, up from 767.02 (+ 4.2%)
BSE Daily Turnover Average for the fortnight ended 2 June = Rs.97.14 crore (+ 2%)

Stockmarkets reached a new high over the fortnight on active trading (*see graph*). As the tide of company results turned into a flood, there was considerable trading activity induced by unexpected results. Most of the results were more favourable than expected and were responsible for the new highs of many companies' share prices. The market also responded to forecasts of a good monsoon and its early onset.

A new industrial policy with impressive liberalisation was announced towards the end of the fortnight, but its impact was not reflected in the market which turned cautious owing to widespread institutional sales at higher levels and an increase in domestic political uncertainties.

By and large, companies that announced their results were mostly those that had good news to announce, while those with poorer results would be announcing their results later.

Analysts astounded. Indeed, the results announced astounded most investment analysts. Altogether, 97 companies, with annual turnover exceeding Rs.25 crore, announced their annual or half-yearly results over the fortnight. The average increase in after-tax profits of these companies was 101 per cent. This was far in excess of the expected 40 per cent increase by more óptimistic analysts.

Most of the trading activity and price movements naturally took place in scrips where the results were either unexpected, or in which speculative activity was earlier lacking. This list included Jindal Strips, Punjab Tractors, Bell Ceramics and Voltas, all of which jumped sharply over the fortnight. On the other hand, although Tata Tea announced record results which were significantly better than expected, the scrip was unchanged at Rs.207, over the fortnight (after hitting a high of Rs.218), because bull speculators had already built up substantial positions in the scrip and were taking profits at rises.

Cement: results confirm optimism on shares

Cement hardens

Company	Price on		
	4th May	1st June	% change
ACC	434.00	497.00	14.5
Birla Jute	70.00	82.00	17.1
India Cement	30.00	40.00	33.3
Madras Cement	720.00	1075.00	49.3
Mangalam Cement	32.00	35.00	9.4
Orissa Cement	33.00	42.00	27.3

Perhaps the most impressive result of the fortnight came from Videocon International. Having defied several predictions of its imminent demise (first it was the change of government that was supposed to do it in, and later the budget was to impose high levies on televisions), the company reported an incredible jump of 300 per cent in turnover to Rs.400 crore and an earning of Rs.28 crore from Rs.5 crore a year earlier. The scrip, which had languished at Rs.110 in mid-March, closed the fortnight at Rs.270, up by Rs.45. Of late it was the most actively traded B group share in Bombay. Its earnings per share exceeds Rs.65 so that, although its price earnings ratio is low at four, the scrip is once again supposed to be in for an imminent demise, because the current market for its products is weak and the performance of 1989 is unlikely to be repeated.

Forecasts sharply revised. Having been overly cautious earlier with regard to the performance of companies like Bajaj Auto and ITC, most analysts have revised forecasts sharply upwards. Tata Steel, which is expected to announce its results during the fourth week of June, is now likely tó earn at least Rs.8 per share. This, combined with a hardening of steel prices over the past fortnight, spiralled its price up from Rs.111 to Rs.116.25, over the fortnight. Mukand Iron also substantially gained, rising to Rs.143 from Rs.133.

The optimism regarding cement shares during the past three months, was confirmed with the announcement of results by Madras Cements and India Cements. Although the former announced a modest Rs.68 lakh profit, it was a dramatic turnaround from last year's loss of Rs.7 crore. Similarly, India Cements' six monthly profit of Rs.3 crore sharply

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AD INDIA

exceeded the Rs.7[illegible] lakh earned in the previous six months. The share prices of all cement shares were buoyant as a result (*see table*). Most of the market's attention was focused on ACC, which with a daily turnover of Rs.32 crore makes up about one third of the total market activity. The scrip, which has been rising steadily since the budget, rose further from Rs.454 to Rs.497 over the fortnight.

Whether the market is currently overbought is however a grave cause for concern. An overbought market is, strictly speaking, as impossible as an oversold one because for every buyer there is a seller. But, the question is relevant if one considers over-buying by speculators and over-selling by investors. This would be reflected in the company results though.

With current price-earnings multiples at 18, investors must ask whether buying a scrip at a price that will be covered by current earnings in 18 years makes sense. The answer really depends on growth. The price earnings multiple of 18 is based on the most recently announced earnings, ie, of 1988-89. Even if 1989-90 earnings' increase at an average rate of 40 per cent, it means that once these earnings are all accounted for, the price earnings multiple will fall to a respectable level of 13.

Of greater concern to investors would be the continuing tightness in money markets. This is bound to reflect in the crucial *badla* rates which have, of late, been running at a moderate 20 per cent per annum. It also means that lending could soon outstrip investment in equity as a short term investment vehicle. The rat race for funds is where the stockmarkets face their greatest short term risk.

■ RAFIQ DOSSANI

MADRAS STOCK EXCHANGE

The numbers game

The extraordinary general meeting recently convened by the Madras Stock Exchange (MSE) to consider raising the ceiling of the number of members to 500 from the current 200, had to be called off because of objections raised by a number of stockbrokers. Says V.K. Padmanabhan, president MSE, "The increase of membership is a major issue. The number 200 was fixed about 25 years ago. The present volume of business certainly warrants an increase in the number of brokers." Padmanabhan however does not want a confrontation with the dissenting brokers. Instead, he plans to discuss the issue with them. "We want to convince them and arrive at a consensus," he says.

	No. of members	(Rs crore) Total turnover for year Jan-Dec	(Rs lakh) Average value turnover per month per member
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

Source: Madras Stock Exchange

A section of the stockbrokers, who are strongly opposed to any proposal to increase the MSE membership, are convinced that the volume of business is no that big in Madras (*see table*). According to them, the average value of the turnover per month per member is Rs.15.06 lakh. "This is less than the business a sub broker in Bombay does in one day. The Cochin Stock Exchange transacts thi amount of business per day," says one o the dissenting stockbrokers.

Business potential lacking. About 6 per cent of the MSE business is handled by 40 brokers, while about 70 per cent of the brokers do business on their own account. "Even this Rs.15 lakh business pe month is only during boom conditions. When the market slumps, volumes wi drop by 50 per cent," says the broke quoted earlier. This section of the broking community feels that when there is no business potential, it would not serve the clients' interest merely by increasing the number of brokers. There would be cutthroat competition among the brokers for business, which would, in turn, harm their clients. According to them, till the MSE stops being a cash market and accepts settlements like the other centres, the volume of business is not likely to grow.

Padmanabhan is convinced that the cash market is the strength of the MSE and it should not be given up. Obviously a lot more than just discussion is necessary to resolve this imbroglio.

■ SUSHILA RAVINDRANAT

Company Face value	Year Ended	Equity Rs cr	Reserves Rs cr	Book value Rs	Price 1.6.90	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divd %	Yield %	Bonus Year	Bonus Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Company Face value	Year Ended	Equity Rs cr	Reserves Rs cr	Book value Rs	Price 1.6.90	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divd %	Yield %	Bonus Year	Bonus Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STOCKMARKETS

Company Face value	Year Ended	Equity Rs Cr	Reserves Rs Cr	Book value Rs	Price 1.6.90	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Dividend %	Yield %	Bonus Year	Bonus Ratio
INDIA POLYFIBRES,10	03/89	29.75	-2.73	9.08	8.50	10.00	4.50	-2.9	1.4					
INDIA STEAMSHIP,10	03/89	10.15	-65.15	-54.19	13.00	18.25	10.00	4.2	2.1	3.1			75	1:1
INDIAN ALUM,10	03/89	41.50	49.09	21.83	146.00	188.00	120.00	4.8	7.1	30.4	25.0	1.7	77	2:5
INDIAN DYESTUFF,100	03/89	9.41	35.85	480.98	350.00	360.00	165.00	-1.3	0.1		10.0	2.9	80	1:4
INDIAN HOTEL,10	03/89	14.79	43.45	39.38	91.00	96.72	79.21	6.3	1.3	14.4	30.0	3.3	89	1:2
INDIAN ORGANIC,10	03/89	18.40	20.63	21.21	59.50	61.00	34.00	3.4	1.5	17.5	10.0	1.7	85	1:2
INDIAN RAYON,10	06/89	25.40	190.83	85.13	108.50	108.75	77.00	3.9	3.8	27.8	28.0	2.6	80	1:4
INDIAN SEAMLESS,10	03/89	3.86	2.36	16.11	97.50	119.99	71.42	7.3	4.3	13.4	25.0	2.6	89	3:4
INDOGULF FERT,10	03/89	164.81	0.00	10.00	19.00	19.75	13.00	-0.7	-0.2					
INDROL,10	06/89	6.16	26.27	52.65	226.25	316.25	172.50	11.8		19.2	36.0	1.6	86	1:1
INDU NISSAN,10	03/89	14.00	1.21	10.86	12.50	16.75	11.25	0.7	0.5	17.9	15.0	12.0		
INGERSOLL,10	03/90	15.78	23.11	24.65	225.00	240.00	180.00	9.1	5.3	24.7	45.0	2.0	89	1:1
ION EXCHANGE,10	03/89	3.50	7.20	30.57	62.50	94.00	62.50	4.6	0.7	13.6	13.0	2.1	88	4:5
IPITATA,10	03/89	12.00	-15.79	-3.16	29.00	34.00	16.50	-4.4	1.4					
ITC,10	03/90	66.34	154.04	33.22	74.50	75.00	49.50	7.9		9.4	37.5	5.0	89	1:1
J B CHEMICAL,10	06/89	3.00	2.84	19.47	79.00	81.25	27.00	4.4	8.3	18.0	23.0	2.9		
J K INDUSTRIES,10	06/89	14.04	15.51	21.05	67.50	112.50	49.00	13.4		5.0	25.0	3.7	67	1:1
J.K.SYNTHETIC,10	03/89	38.51	129.12	43.53	59.50	83.00	51.00	4.8	1.2	12.4	22.0	3.7	83	1:3
JAYANT VITAMIN,10	06/89	3.87	5.11	23.20	28.00	49.00	27.00	8.0		3.5	25.0	8.9	87	2:5
KALYANI BRAKES,10	03/89	3.90	-4.84	-2.41	46.00	46.00	26.00	3.0	2.1	15.3				
KALYANI STEEL,10	03/89	2.36	11.41	58.35	390.00	390.00	220.00	17.4	12.5	22.4	35.0	0.9	88	1:1
KELVINATOR,10	06/89	3.55	25.48	81.77	91.25	101.25	73.12	18.2	9.7	5.0	24.0	2.6	89	1:1
KESORAM,10	03/90	11.46	53.78	56.93	55.00	55.00	39.00	2.3		23.9	10.0	1.8	79	1:2
KHODAY DIST,10	12/88	9.00	8.88	19.87	27.00	53.75	25.00	4.7	2.8	5.7	20.0	7.4		
KINETIC ENGG,10	03/89	2.40	19.47	91.12	161.25	189.00	125.00	6.8		23.7	30.0	1.9	89	1:1
KINETIC HONDA,10	03/89	9.99	3.34	13.34	52.50	53.75	24.00	1.4	0.7	37.5				
KIRL CUMMINS,10	03/89	26.40	41.95	25.89	84.00	84.00	55.00	2.7	2.0	31.1	11.2	1.3	86	1:1
KIRL PNEUMATIC,10	03/89	3.85	11.28	39.30	47.50	72.50	45.00	10.8	1.2	4.4	22.5	4.7		
KIRLOSKAR OIL,10	03/89	5.75	13.16	32.89	42.00	42.00	29.00	5.2	-1.7	8.1	10.0	2.4	78	3:7
KLOCKNER WIND,10	03/89	4.50	7.50	26.67	185.00	200.00	100.00	9.4	4.5	19.7	24.0	1.3	88	1:2
KSB PUMPS,10	03/90	8.70	12.25	24.08	205.00	227.50	181.25	7.3	4.6	28.1	20.0	1.0	89	1:1
LAKME,10	03/89	3.15	6.43	30.41	125.00	125.00	60.00	4.4	4.8	28.4	22.5	1.8	89	1:2
LARSEN TOUBRO,10	03/89	68.09	294.16	53.20	72.50	117.50	59.00	4.1	3.1	17.7	30.0	4.1	86	3:5
LIPTON,10	12/89	15.75	22.13	24.05	84.00	109.00	65.00	6.6		12.7	22.0	2.6		
LLOYD STEEL,10	03/90	5.07	4.92	19.70	60.00	127.50	53.75	7.2		8.3	25.0	4.2	89	1:2
LML,10	03/89	21.42	9.07	14.23	19.62	22.00	16.00	0.3	0.6	65.4			80	4:5
MACNEIL MAGOR,10	06/86	2.74	41.38	161.02	100.00	102.00	51.50	2.3		43.5	7.0	0.7		
MADRAS CEMENT,100	03/90	3.02	18.65	717.55	1075.00	1075.00	400.00	22.5	73.8	47.8				
MADURA COATS,10	03/89	21.96	92.32	52.04	117.50	117.50	97.00	6.9	2.4	17.0	25.0	2.1	86	1:2
MAFATLAL FINE,100	03/89	14.48	23.69	263.60	310.00	346.25	200.00	6.9	-39.7	44.9	10.0	3.2	80	1:3
MAFATLAL IND,100	03/89	16.20	51.29	416.60	620.00	660.00	220.00	0.8	3.6	775.0	20.0	3.2	78	1:5
MAHIN & MAHIN,10	03/89	19.26	102.06	62.99	88.25	104.00	72.50	6.8	3.5	13.0	35.0	4.0	84	2:3
MAHINDRA NISSAN	03/89	16.70	0.15	10.09	14.50	15.00	8.00	-2.2	-2.5					
MAHINDRA UGINE,10	03/89	11.50	24.57	31.37	65.00	89.00	62.50	6.6	2.3	9.8	16.5	2.5	88	1:2
MANGALAM CEM,10	03/90	7.11	11.04	25.53	35.00	38.00	19.50	1.1	1.0	31.8	22.5	6.4		
MANGALORE CHEM,10	03/89	-19.97	0.17	10.09	20.00	25.00	16.00	-16.3	-9.8			4.3		
MASTERSHARE,10	06/89	225.00	280.60	22.47	20.65	21.50	15.25	8.3		2.5	18.0	8.7		
MATHER PLATT,10	03/89	23.04	8.12	13.52	32.00	60.00	32.00	1.9	0.8	16.8	16.0	5.0	87	3:5
MAX INDIA,10	09/89	2.79	1.78	16.38	71.00	87.00	67.50	5.0	2.0	14.2	20.0	2.8		
MAZDA INDUST,10	11/89	4.32	2.64	16.11	10.00	12.50	8.00	-0.7				14.1		
MCDOWELL,10	03/89	7.68	25.89	43.71	75.00	106.25	70.00	14.7	4.8	5.1	20.0	2.7	86	1:1
MCLEOD RUSSEL,10	09/89	6.25	22.38	45.81	95.00	115.00	62.50	6.2	5.2	15.3	45.0	4.7	89	3:5
METAL BOX,10	03/89	14.68	-12.54	1.46	6.50	9.37	5.75	-12.6	-4.4				67	1:2
MILES INDIA,10	03/89	1.28	1.78	23.91	90.00	130.62	87.50	7.1	3.0	12.7	30.0	3.3	89	1:1
MILKFOOD,10	03/89	1.14	4.49	49.39	135.00	312.50	130.00	13.4	-25.1	10.1	30.0	2.2	87	1:1
MODI INDUSTRIES,10	03/89	3.30	23.65	81.67	21.00	30.00	17.00	-52.6	-1.6			3.2	69	1:5
MODI RUBBER,10	03/89	10.38	52.50	60.58	59.00	98.00	47.00	14.2	-2.8	4.2	25.0	4.2	84	2:5
MODI XEROX,10	03/89	19.46	6.50	13.34	69.50	73.00	54.00	2.4	0.5	29.0	11.0	1.6		
MOTOR INDUST,100	12/89	38.05	56.44	248.33	845.00	1100.00	580.00	38.4	19.4	22.0	14.0	1.7	86	1:1
MRF,10	03/89	3.86	44.85	126.19	217.50	400.00	185.00	43.4	13.2	5.0	90.0	4.1	75	1:2
MUKAND IRON,10	03/89	14.74	80.22	64.42	143.00	153.00	108.50	15.8	5.2	9.1	20.0	1.4	88	1:2
MYSORE CEMENT,10	06/87	18.22	22.61	22.41	19.00	28.00	18.00	1.1	1.2	17.3	17.5	9.2	85	2:5
NAGAR FINANCE,10	03/89	2.44	3.76	25.41	13.00	24.00	11.00	5.4	3.2	2.4	35.0	26.9		
NATION PEROXIDE,100	03/89	2.30	9.02	492.17	825.00	1175.00	675.00	-48.6	-17.8		6.0	0.7		
NATIONAL RADIO,100	12/88	6.98	2.77	139.68	330.00	425.00	180.00	14.9		22.1				
NESTLE,10	12/89	36.62	5.70	11.56	119.00	128.00	89.29	3.9		30.5	30.0	2.5	89	3:5
NIRLON,10	03/89	15.76	-23.74	-5.06	15.00	20.50	8.50	-22.0	-9.1				82	1:2
NOCIL,100	03/89	36.00	82.01	327.81	1350.00	1560.00	760.00	90.5	55.5	14.9	40.0	3.0	86	1:2
ORISSA CEMENT,10	03/89	5.40	31.50	68.33	42.00	42.00	32.00	-14.3	0.5		20.0	4.8	87	1:1
ORKAY,10	03/89	66.29	51.65	17.79	16.75	22.00	13.50	0.7		23.9		17.5		
OSWAL AGRO,10	06/89	96.72	81.67	18.44	38.25	90.00	37.00	2.8	2.1	13.7	50.0	13.1	87	3:5
OSWAL FURANE,10	12/88	18.00	0.00	10.00	22.50	52.00	22.50	0.3		75.0				
OTIS ELEVATORS,10	03/89	5.37	15.02	37.97	240.00	260.00	175.00	10.4	3.5	23.1	40.0	1.7	85	1:1
PARKE DAVIS,10	03/89	7.53	4.08	15.42	115.00	133.25	67.00	3.1	4.3	37.1	35.0	3.0	78	3:5
PEICO,10	03/89	33.32	36.59	20.98	34.00	34.00	16.50	-5.1	-0.7			4.1	82	1:5
PFIZER,10	11/89	11.72	15.67	23.37	88.50	107.50	58.00	2.3		38.5	15.0	1.7	77	4:5
POLYCHEM,10	03/90	6.00	11.90	29.83	81.00	86.00	56.70	11.5	6.8	7.0	25.0	3.1	89	2:3
POLYOLEFINS,100	03/89	19.30	45.02	333.26	1175.00	1485.00	970.00	112.4	44.8	10.5	28.0	2.4	88	1:2
PONDS,10	12/89	6.68	16.78	38.11	235.00	245.00	153.75	9.1		25.8	37.5	1.6	87	1:1
PREMIER AUTO,10	06/89	22.75	112.26	59.35	59.00	73.50	48.50	6.4	1.8	9.2	45.0	7.6	86	1:1
PROCTER & GAM,10	06/89	6.68	11.68	27.49	202.50	230.00	175.00	9.4	5.3	21.5	30.0	1.5	88	4:5
PSI DATA,10	03/89	6.50	-5.27	1.89	12.50	19.00	10.50	-13.1				11.0		
RALLIS,10	03/89	9.52	33.44	45.13	67.50	145.00	65.00	8.7	3.1	7.8	25.0	3.7	77	3:1
RANBAXY,10	03/89	8.95	16.22	28.12	100.00	111.25	75.00	5.0	3.4	20.0	27.5	2.8	88	2:5
RAYMONDS,10	03/89	22.47	67.19	39.90	93.50	93.50	65.00	9.6	2.0	9.7	20.0	2.1	87	1:1
RECKITT COLMAN,10	12/89	8.40	22.44	36.71	216.25	242.50	172.50	9.5	4.8	22.8	40.0	1.8	88	1:1
REGENCY CERAMIC,10	03/89	5.61	0.25	10.45	18.00	22.50	13.50	0.9	0.7	20.0				
RELIANCE PETRO	03/89	86.47	0.48	10.06	22.00	52.00	28.00	0.6		36.7	18.0	8.2		
RELIANCE,10	03/89	152.11	913.40	70.05	64.50	133.00	51.50	7.0	4.4	9.2	30.0	4.7	83	3:5
REMINGTON,10	03/88	2.67	4.34	26.25	42.50	75.00	40.00	3.5	1.5	12.1	20.0	4.7	86	1:2
REVATHI C.P,10	06/89	1.60	3.68	33.00	85.00	110.00	67.00	5.5	4.6	15.5	20.0	2.4	87	1:1
RHONE-POULENC,10	03/89	4.50	10.47	33.27	88.00	93.75	63.75	7.0	2.3	12.6	15.0	1.7		
ROCHE PRODUCTS,10	12/88	4.81	6.23	22.95	67.00	89.00	27.00	3.3	1.9	20.3	15.0	2.2	80	1:3
ROSS MURARKA,10	12/88	4.64	3.29	17.09	16.00	24.00	12.00	3.1	1.5	5.2	18.0	11.2		
S I VISCOSE,100	03/89	11.03	21.19	292.11	1520.00	1520.00	740.00	116.9	81.4	13.0	35.0	2.3	87	1:2
SAMTEL INDIA,10	03/89	3.57	11.06	40.98	32.50	87.50	23.50	9.1	-5.1	3.6	25.0	7.7	88	1:3
SANDOZ,10	12/89	5.30	24.68	56.57	153.00	177.50	98.50	11.2		13.7	18.0	1.2	90	1:2
SANDVIK ASIA,100	12/89	5.78	7.54	230.45	630.00	800.00	615.00	43.9		14.4	25.0	4.0	84	1:1
SCINDIA,20	06/88	16.95	-40.86	-23.12	10.25	16.00	6.50	-23.6					77	2:5
SEARLE,10	03/89	7.82	11.94	25.27	130.00	147.50	90.00	4.3	5.4	30.2	21.0	1.6	88	1:2
SESA GOA,10	03/89	5.15	9.80	29.03	101.00	107.00	35.00	2.1	-2.8	48.1	14.0	1.4	86	2:5
SHAW WALLACE,10	03/90	12.00	27.76	33.13	90.00	98.00	65.00	11.7	6.4	7.7	30.0	3.3	87	1:1
SHRIRAM FIBRES,10	09/89	10.33	22.69	31.97	54.00	94.00	50.00	4.2		12.9	18.0	3.3	82	1:2
SIEMENS,10	09/89	20.77	58.30	38.07	115.00	116.00	65.00	4.8		24.0	14.0	1.2	86	1:4
SILTAP CHEMICAL,10	03/88	1.80	-0.76	5.78	60.00	75.00	42.50	-8.5	-3.4					
SIPTA COATED,10	03/90	17.58	12.40	17.05	19.00	30.00	14.00	1.4		13.6	15.0	7.9		
SKF BEARINGS,100	03/89	24.70	35.39	243.28	1450.00	1500.00	1140.00	68.0	27.9	21.3	30.0	2.1	89	1:1
SOUTHERN PETRO,10	03/89	34.00	274.92	90.86	62.00	62.25	43.00	3.3	1.3	18.8	20.0	3.2	86	1:1
SPARTEK,10	03/89	4.56	5.91	22.96	63.75	81.25	58.75	6.2	3.8	10.3	25.0	3.9	89	3:5
SPECIAL STEEL,10	03/89	11.39	14.36	22.61	125.00	125.00	87.38	10.4	5.2	12.0	25.0	2.0	89	1:2
STANDARD IND,10	03/89	11.06	37.68	44.07	82.00	82.00	25.00	2.5	1.7	32.8	20.0	2.4	82	2:5
STANDARD MOTOR,10	03/88	4.37	3.98	19.11	11.00	13.00	8.00	-18.1				15.8	85	1:1
STRAW PRODUCTS,10	03/90	10.14	73.61	82.59	94.50	103.00	74.00	7.2	4.5	13.1	20.0	2.1	72	1:2
SU-RAJ DIAMOND,10	03/90	7.66	9.72	22.69	57.00	98.00	49.00	14.2	9.4	4.0	20.0	3.5		
SUND CLAYTON,10	05/89	9.48	23.99	35.31	47.00	73.00	44.00	4.9	1.1	9.6	25.0	5.3	87	2:3
SUND FASTENERS,10	03/89	5.10	9.80	29.22	82.50	85.00	65.00	6.9	4.7	12.0	25.0	3.0	88	3:5
SUND FINANCE,10	03/89	6.00	16.22	37.03	80.00	84.00	60.00	10.9	4.5	7.3	30.0	3.8	86	1:1
SUPREME INDUST,10	06/89	2.27	13.47	69.34	272.50	300.00	190.00	14.4	9.7	18.9	45.0	1.7	87	1:1
SWAD POLYTEX,10	03/90	3.90	11.77	40.18	38.00	54.00	30.50	4.6	1.3	8.3	15.0	3.9		
SYNTH & CHEM,10	03/89	11.42	9.75	18.54	54.00	80.00	49.00	5.5	3.4	9.8	25.0	4.6		
TATA CHEMICALS,10	03/90	49.17	208.92	52.49	116.50	132.00	108.00	8.3	3.3	14.0	31.0	2.7	89	1:2
TATA LOCO,10	03/89	103.67	308.74	39.78	150.00	150.50	76.25	6.8	0.9	22.1	25.0	1.7	82	2:5
TATA OIL,25	03/90	8.11	25.19	102.65	147.50	160.00	55.00	16.5		8.9	18.0	3.1	90	1:5
TATA POWER,100	03/88	21.22	68.24	421.58	617.50	617.50	315.00	89.1	60.8	6.9	16.0	2.6	75	1:5
TATA PRESS,10	03/89	1.57	6.34	50.38	66.00	72.50	47.50	5.3	1.9	12.5	22.0	3.3		
TATA STEEL,10	03/89	230.14	645.53	38.05	116.25	154.25	103.25	6.7	2.9	17.4	30.0	2.6	86	2:5
TATA TEA,10	03/90	17.10	78.79	56.08	207.00	207.00	148.00	24.3	12.1	8.5	50.0	2.4	88	3:5
TATA UNISYS,10	03/89	4.38	4.92	21.23	80.00	90.00	67.50	4.4	2.8	18.2	27.5	3.4	87	2:5
TEXMACO,10	03/89	1.87	11.06	69.14	36.00	68.00	36.00	-48.0						
TINPLATE,10	03/89	10.14	11.11	20.96	32.50	42.00	27.50	4.3		7.6	15.0	4.6		
TUBE INVESTMENT,10	12/88	6.71	28.62	52.65	72.50	73.75	61.00	8.0	3.6	9.1	24.0	3.3	85	1:3
TUTICO ALKALIES,10	03/89	12.94	-2.63	7.97	14.00	19.00	11.00	0.9	-0.8	15.6		44.4		
TVS SUZUKI,10	03/89	23.10	-5.50	7.62	14.00	17.00	11.00	1.3		10.8				
TWENT.CENT,10	03/90	8.88	12.44	24.01	28.25	34.00	21.00	4.5		6.3	22.0	7.8	88	2:5
U.B.LTD.,10	06/88	4.00	9.53	33.82	67.00	70.50	36.50	7.1		9.4	20.0	3.0	86	1:1
UNION CARBIDE,10	03/89	32.58	38.04	21.68	24.75	29.00	19.75	1.4		17.7		5.3	80	1:2
UNIT PHOSPHORUS,10	12/87	2.80	2.66	19.50	57.50	76.25	37.00	0.4	-1.1	143.8	10.0	1.7		
UPCOM CABLES,10	03/89	5.92	1.88	13.18	20.00	53.75	19.00	4.3	-0.8	4.7	20.0	10.0		
VAM ORGANIC,10	03/90	5.16	20.35	49.44	137.50	174.00	136.25	15.7	8.7	8.8	35.0	2.5		
VARELI,10	03/88	7.29	13.49	28.50	20.00	30.00	20.00	5.7	0.7	3.5	22.0	11.0		
VIDEOCON INT,10	03/89	4.23	6.91	26.34	270.00	271.25	91.25	9.9	16.5	27.3	40.0	1.5		
VINDHYA TELE,10	03/90	3.90	11.45	39.36	80.00	130.00	78.75	8.0		10.0	22.5	2.8		
VOLTAS,100	03/90	19.85	41.62	309.67	79.00	79.00	46.36	9.2	5.8	8.6	24.0	30.4	89	1:2
VST INDUSTRIES,10	03/90	9.65	16.71	27.32	52.50	57.00	30.00	6.1	2.8	8.6	30.0	5.7	89	3:5
WALCHAND,100	09/88	3.00	2.46	182.00	21.25	27.50	14.00	2.0		10.6			82	1:2
WARREN TEA,10	03/89	3.90	11.49	39.46	102.50	115.00	38.75	11.7	16.9	8.8	50.0	4.9	89	1:1
WIMCO,10	03/89	13.58	5.34	13.93	19.00	31.00	15.50	-9.7	-2.8				70	1:5
Z F STEERING,10	03/89	2.25	1.02	14.53	49.00	59.00	43.00	2.6	1.1	18.8	10.0	2.0		
ZENITH,10	12/88	9.15	17.20	28.80	37.00	63.00	37.00	5.2	3.1	7.1	30.0	8.1	87	1:4
ZUARI,10	03/89	12.43	57.09	55.93	64.50	77.00	55.00	4.8	-2.3	13.4	35.0	5.4		

Note. EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half year: after tax earnings per shares for six months taking into account announced half yearly profits. PE: ratio of market price to after tax per share. Yield: dividend as a percentage of market price.

Nine hit pay dirt!

Almost 95 per cent of the participants for Investor Contest IC 317 expected DCW and Hoechst to be the star performers. Also, they were accurate in rating Apple ndustries the lowest. Nine winners hit the jackpot and share the prize money of Rs.5,000. They are Anil Sachdeva (New Delhi); M. Hima Rani (Hyderabad), P.R. Srinivasa Rao (Bangalore), K. Sreenivasan (Madras), Ramesh Chandra Kishanlal Shah (Baroda), Amol Desai (Pune), Dhiraj Khajanchi (Indore), C.Y. Nimkar and K. Vijay (both Bombay). Congratulations!

Scrips	Prices as on Friday 20 April 1990 (Rs.)	Prices as on Friday 18 May 1990 (Rs.)	Ranks
Apple Ind.	39.00	36.00	6
DCW	59.00	69.00	1
Hoechst	1820	2010.00	2
Reckitt & Colman	207.50	210.00	3
Siemens	112.00	113.00	4
SAE (India)	182.50	180.00	5

Given below is a new list of six scrips, and their closing prices on 1 June 1990. Pick the share that you think will rise the most in percentage terms by 29 June 1990 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest, you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 29 June 1990. You don't have to tell us the prices or even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

Rules:

1. There is no entry fee.

2. The price mentioned last in the official quotation list will be taken as correct for purposes of calculation. If the stock exchange remains closed on the stated last day, the closing price on the prior day will be used.

3. Entries must be on the printed form given below. Any other entries will be disqualified.

4. Only one entry will be permitted per form.

5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 22 June 1990.

6. **Business India**'s decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.

7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.

8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

✂

Name of scrip	Prices as on Friday 1 June 1990 (Rs.)	Rank as on Friday 29 June 1990 (please fill in number)
Asian Paints	237.50	
Colgate	218.75	
Essar Shipping	36.75	
Reliance	64.50	
Sesa Goa	101.00	
Telco	150.00	

Name:

Address:

Age:

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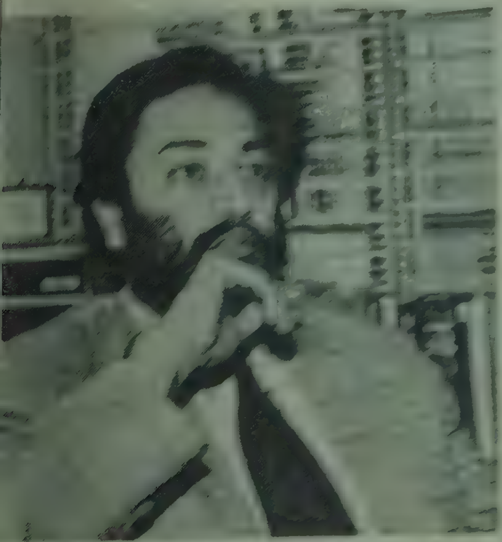
n the quality niche



uroop Singh *is vice president and gen- al manager for India and area countries xcept Pakistan) of American Express ank's Travel Related Services (TRS) ivision*

y upgrading the quality of customer rvice, we have been able to create our vn market segment," he claims. This is o idle boast. Consider the galaxy of cor- orate heavyweights that make up mex's credit card customer portfolio: P Goenka, Rahul Bajaj, A.C. Muthiah et . The bank also counts international or- anisations like UNICEF, US-AID, World ank, and WHO among its choosy clien- le. Take also into account another sig- ficant measure — a 98 per cent istomer satisfaction level. All this gives redence to Singh's claims.

Singh, 37, has been in charge of this di- sion since 1987, the year in which its mbit was extended by combining travel rvices, travellers' cheques, destination rd business and US dollars corporate rd. Confronted with the challenge of eading this omnibus cell, Singh imme- iately set about making Amex the epit- me of superlative customer service. nitially it was quite difficult as we had o target and achieve locally what Amex oes globally," he recalls. Singh evolved a eople who care' programme which imed precisely at achieving higher cus- omer service standards. These efforts eem to have paid off since Amex now oasts of market leadership in interna- onal credit cards and travellers' heques.

long haul. "All our businesses are rowing at the rate of 15 to 20 per cent ev- ry year," he says happily. Despite impeccable credentials, it has been a long haul for him since the early days. A Doon School alumnus, Singh got his degree in commerce from the Sri Ram College of Commerce, Delhi in 1972.

Subsequently he completed his chartered accountancy in 1976 with A.F. Ferguson in Delhi and began his career in the same company as a management consultant. There he got the opportunity to design accounting systems for a number of clients. In 1978, he was offered a job as a management consultant by Ernest & Whiny in Dubai, which he accepted if only for the international exposure. After a brief stint in Dubai, Singh returned to India to join Amex as finance officer. In the following years he was promoted to manager cards, and director of travel services before he secured his present posting. There can be little doubt that his presence has made a visible impact. The TRS division has improved significantly, both qualitatively and in terms of profitability.

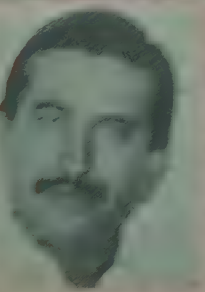
At the beginning of every financial year Singh plans a profit-oriented strategy to ensure an aggressive growth rate within India and the area countries. This is followed by brainstorming with senior staff at strategy implementation sessions. In this, Singh follows the healthy practice of allowing other team members to express their viewpoints and throw up new ideas.

Needless to say, this democratic approach has proven to be quite successful. Under Singh's supervision there has been an expansion of the local travel services network, the guarantee of satisfaction programme in the card area has been introduced and the first refund service centre for travellers' cheques has been set up.

Greater challenges lie ahead. Says Singh, "We are researching the possibility of issuing cards in India targeted only at the upper-income brackets." His own assessment is that in the short term, say five years, the market could be limited since the plastic culture has yet to take firm root. Singh's job gives him ample opportunity to travel, which he likes. "My biggest contribution has been that I have been able to sensitise our organisation to care for our customer. Consequently, we now dominate the quality niche," asserts this peripatetic manager.

BEENA PATNAIK RAO

FRONTRUNNERS

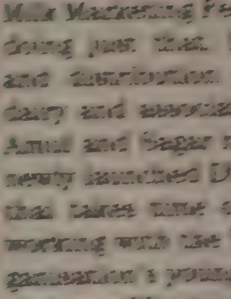


Working in the same company for 13 years could be boring for many, but for **Arun Chogle**, 35, it seems a short time. He joined Procter and Gamble, then Richardson Hindustan Ltd, in 1977 as a management trainee straight out of the Jamnalal Bajaj Institute of Management, where he now takes guest lectures. Since then, Chogle has steadily risen in the company, until a month ago he became one of the youngest to join the management committee of the organisation as category manager, with overall charge of the entire range of health and beauty care products.

Before his recent promotion, Chogle was instrumental in the successful launch of Clearasil Ointment, as marketing controller of the personal products division.

His free time he prefers to spend with his family or playing tennis, swimming and travelling.

— ss



After trekking through the remote Himalayas, selling oil may seem a little mundane, but **Vivek Matthai**, Manager, Sales, Gujarat Co-operative Milk Marketing Federation Ltd. enjoys doing just that. Looking after sales and distribution of the federation's dairy and associated products of the Amul and Sagar range, as well as the newly launched Dhara edible oil, Matthai takes time off for trekking and working with the WWF. One of the organisation's youngest managers, Matthai, now 30, joined as a trainee officer 10 years ago. Having been associated with the marketing of various new products like Amul cheesespread, Amul milkshakes and the highly successful Dhara, he says "Working in the cooperative sector gives one a sense of satisfaction. The cause we are working for inspires the entire team here."

— ss

Fali Dhondy's addiction to something as mechanical as motor cars, can be understood only by car lovers. But one glimpse at his 1969 Alfa Romeo a classic Italian model and anyone with any aesthetic sense at all — not just connoisseurs — would fall in love. Even while helping Fedco Paints and Contracts (the firm in which he is a partner) bag a number of prestigious specialised contracts, his passion for cars has remained unabated.

At one time, he also had a Volkswagen Tarmann-Ghia and a Fiat Sports Spider. At present, apart from the Alfa Romeo, he owns the 1966 Mercedes Benz 230 SL which could not participate in the Indian Auto Classic Club's *Concours d'Elegance*, held last fortnight at Bombay, because of inclement weather. His Alfa Romeo however, driven by son Adil who "knows more about the mechanical aspects of cars", than the father Fali, bagged the first prize in the sixties' classic car category.

The occasion was the 40th anniversary of the *Chitralekha* group of publications. Information and broadcasting minister P. Upendra had reluctantly agreed to be the chief guest, saying, "I thought *Chitralekha* was just a film magazine." But Maharashtra's finance minister **Ramrao Adik** not only readily accepted an invitation to attend as a special invitee, but also amazed the guests gathered at Bombay's Juhu Centaur by speaking in Gujarati.

"I am not very comfortable with your language," he apologised in a 15-minute speech sprinkled liberally with Marathi and Hindi. But the 2,500-odd strong crowd, consisting mainly of celebrities drawn from the business, cinema, publishing and advertising worlds, did not seem to mind. In fact, most of them swelled with pride when he said, "Words are not enough to describe the contribution made by the Gujarati community towards our state's progress." Flattery, or excellent PR?

B Venkateswaran is a happy man. His company, engaged in film distribution, went public — the first instance of a film distribution company doing so in this country.

G.V.Films Ltd started functioning as a public limited company from November 1989. Now chairman Venkateswaran has declared a dividend of 20 per cent, on a prorata basis for four and half months. All the six Tamil and Telugu films he has distributed have been big hits. And he is confident that Anjali, the new film he is producing and distributing, will "earn a profit equal to the capital of the company." Venkateswaran has also registered a new company called GV TV. "I want to be ready when the government decides to allow private channels," he says.

His detractors call it a vulgar display of wealth. His admirers call it style. Oblivious to name tags, **Vijay Mallya** continues to do what he is best at: generate waves, air waves, to be more precise. For the inauguration of UB-Air, the country's latest feeder airline, he played host to 34 VIPs, including Karnataka's chief minister Veerendra Patil. And this too had an air about it.

The invitees were flown in three aircrafts to Mysore, where Patil also laid the foundation stone for UB-Hoppecke, the new battery project of the group. Finally Mallya sprang a surprise on his guests by announcing that Gerry Pais, the former managing director of Indian Airlines, would be the chairman of UB-Air. Mallya, known for his keen personal interest in the new company, has also approved the crew's uniform. Says he, "Not only will our flights be on time, our services will also be definitely better."

Even though **Shashi Ruia**'s brand new sponge iron plant at Hazira, Gujarat, is running at full capacity, the man is not relaxing. His latest bugbear is: more sponge iron plants coming up in the future and their owners pinching experienced people from his plant. Hence his recent decision to recruit spouses of all his workers. Ruia's logic is simple: "If anyone wants to steal my staff, they will have to create jobs for the spouses as well and that will not be easy."

Another carrot, the growth king is dangling before his employees, is the highly subsidised housing facility near his plants. Any employee opting for a company flat will have to pay only the loan component in instalments. The other part will be financed by the company and after 15 years the flat will belong to the employee. Clearly, retaining experienced people is high on Ruia's priority list. But he can only hope that his rivals do not come up with more tempting offers.

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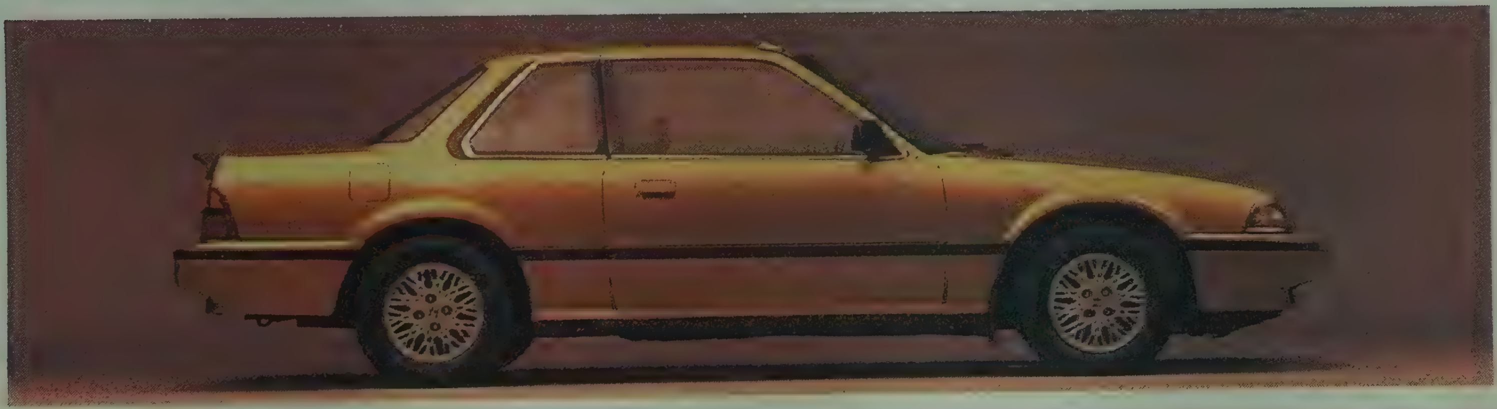

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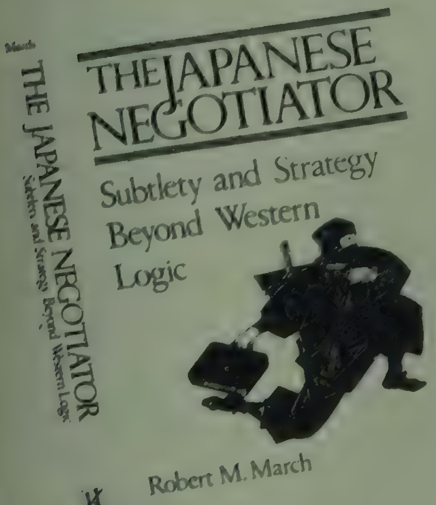
Confounding
acticians


THE JAPANESE NEGOTIATOR
Subtlety and Strategy Beyond Western Logic
Robert M. March
THE JAPANESE NEGOTIATOR
Subtlety and Strategy Beyond Western Logic
March

**HE JAPANESE NEGOTIATOR:
UBTLETY AND STRATEGY
EYOND WESTERN LOGIC**
Robert M. Marsh
odansha International, Tokyo and
ew York, 1989, pp 197

n Indian company had built up a formi-
ble case for an equity collaboration
th a Japanese company. The Japanese
mpany would transfer its proprietory
chnology to the new venture in India
d both parties stood to gain from it. But
e deal fell through. The reason — the
roducts from this proposed company
ould be so much cheaper than their Ja-
anese equivalent, that they would hit Ja-
anese exports. The Indian side had no
me-back to this argument.

This incident illustrates merely one
ay in which Japanese business attitudes
n be vastly different from what West-
n, or for that matter Indian, perception
efines as commonsensically normal. Ro-
ert Marsh, who spent 15 years in Japan
a management consultant and pro-
ssor of International Business at
oyama Gakuin University in Tokyo, has
tended this book to help readers appre-
ate this difference. While he has tried to
resent these characteristics in a socio-
ltural format, the book is mainly meant
serve as a guide at the negotiating
ble.

Horsetrading"

The Japanese Negotiator" is divided into
ree parts. The first deals with how the
apanese negotiate amongst themselves,
ading to an enumeration of the factors
sually responsible for successful negotiations between Japanese and foreigners. The second part looks at some negotiations which were bungled. And, the last reviews typical Japanese negotiating techniques and offers suggestions on how negotiations between Japanese and foreigners could be improved.

To begin with, Marsh observes that the Japanese do not like negotiation. For them negotiating is merely "horse-trading"; the value of ideas or individuals should be recognised by their intrinsic worth. So, it seems but natural that the Japanese hate to niggle about 'details' like contracts.

However, this does not mean that the Japanese will not resort to a line-up of strategems, most of which would shock and confound the Westerner, to win the high ground. The most common technique used for negotiations amongst the Japanese, is the *Naniwabushi* (a traditional Japanese ballad) strategy. "It begins with a recounting of the background, followed by a dramatic account of the crisis, and concludes with an anguished plea for leniency, embroidered with dire consequences should the request be denied." All this is appealingly dressed up in melodrama — like producing a pistol or a bottle of poison and threatening suicide, for added psychological effect.

> **"It begins with a recounting of the background, followed by a dramatic account of the crisis, and concludes with an anguished plea for leniency, embroidered with dire consequences should the request be denied"**

But, apart from this national weakness for such convoluted blandishments, the Japanese can also be susceptible to well-managed negotiations. Such successful negotiation, which include sensitivity to Japanese ways on the part of the negotiator, have even resulted in Japanese businessmen petitioning their government to make changes in its regulatory framework, to help the entry of foreign firms into their line of business.

Cultural difference

Marsh's analysis, in the second part of the book, suggests that when negotiations with the Japanese break down, it is usually because of misunderstandings rooted in culturally different forms of communication. According to the author, most Japanese view Westerners as arrogant and aggressive, perhaps a direct consequence of such American behaviour towards them over the years. Among the common Japanese negotiating qualities that foreigners find particularly trying are excessive secretiveness, lack of feedback (they never nod, or smile, or applaud in response), the expectation of deference from younger people across the table, hiding the key-decision-maker in the negotiating team, an innocent disregard for details, and stubbornness.

Marsh divides common Japanese strategies into normative, rational, assertive and avoidance strategies. Normative strategies follow the rules of society. These would include politeness to foreigners — insurance for the Japanese against being misunderstood; an emphasis on attempting to find common goals; persistence, vividly illustrated by instances of the Japanese making the same offer over and over again with little variation; and finally a conviction that buyers have an upper hand over sellers.

Rational strategies would include an attempt to create trust between the two parties, chiefly by building up a personal rapport. The use of middlemen in the negotiating process is considered desirable because the Japanese are wary of "cold contacts". Assertive strategies include bulldozing, adopting a high moral platform ('lecturing' the younger negotiators in the opposite team on correct behaviour), and repeated questioning.

However, the most fascinating part of the whole book is the Japanese use of avoidance strategies. An example: In a culture which values conformity, silence is used as a very effective tool of negotiation. When faced with a difficult quesition, the Japanese may simply look inscrutably at the questioner, giving no indication whatsoever of his true feelings.

So, while the book makes for very interesting reading, it cannot serve as a comprehensive guide to negotiating with the Japanese. The presentation of revealing case-studies and the exercise in attitude-mapping whet the reader's appetite for more. But, the study falls grossly short of its ambitious bid at analysis, giving no real insight into Japanese society and culture.

■ EAPEN THOMAS

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H.P. Finance Charges	618.67	1,143.24	577.21
Lease Rentals	244.87	426.37	200.68
Interest on Loans and Advances	190.27	330.10	189.51
Other Income	100.74	222.55	46.07
	1,154.55	2,122.26	1,013.47
Operating Expenses	214.62	344.26	147.37
Finance Charges	599.28	1,121.07	547.01
Profit before Depreciation	340.65	656.93	319.09
Depreciation	161.68	254.19	93.55
Taxation	30.00	70.00	59.00
Net profit after tax	148.97	332.74	166.54

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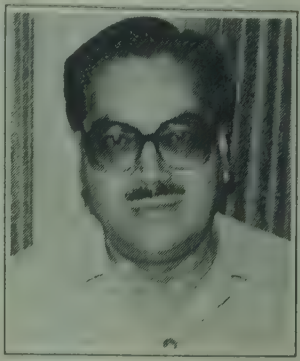
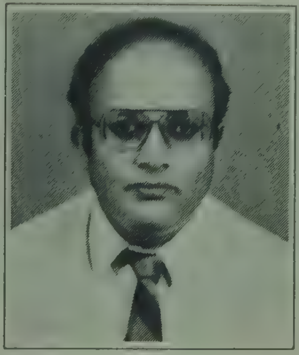
EXECUTIVE LADDER

.N. Bhandari has been ppointed chairman of ajasthan State lectricity Board.

N.L. Kanoongo has taken over as executive director, finance, of Rajasthan State Industrial Development and Investment Corporation Limited.



V.B. Chadha has assumed charge as chief general manager, Bhubaneswar circle, State Bank of India.



K.S. Nadkarni has been appointed president, Technology Development Information Company of India.

.Srinivasulu is now xecutive director of HEL, Tiruchirapalli.

Jean Pierre Ducroquet has been appointed the general manager of Societe Generale in Bombay.

R. Shivakumar has taken charge as chairman and managing director of Madras Refineries Limited.

G.D. Vyas has been appointed managing director of Gujarat State Handicrafts Development Corporation Limited.

P.C. Biswas has joined Central Coalfield's Limited as director (personnel).

H.C. Chopra has been appointed chief executive (projects) of Synthetics & Chemicals Limited, New Delhi.

Anand Danani has been appointed Corporate Risk Strategy Head for Western India.

V.K. Raina has taken over as general manager (engineering and projects) of Bharat Petroleum Corporation Limited.

Tilak Raj Shetty has been appointed director for research and development for Vijay Mukhi's Computer Institute.

Mukul Marwah has taken over as Western Railways chief public relations officer.

Ajay Bhargava has been appointed chairman of International Business Consultants.

Anand Mahindra has joined the board of directors of Amforge Industries Limited.

O.N. Marwah has taken charge as general manager (LPG) at Indian Oil Corporation Limited.

V.R. Veerappan has been promoted to general manager of the Indian Overseas Bank.

S.N. Goel has taken over as general manager (planning) of State Bank of India.

Ravi Madhok has been appointed consultant, human resources, ANZ Grindlays Bank, London.

A.K. Puri has taken over as chief general manager, State Bank of India, Lucknow circle.

S.V.S. Raghavan has taken over as chairman, Bharat Business International Limited.

ASSOCIATIONS

.K. Tibrewalla has been ected president of orth Calcutta Junior hamber.

ajan G. James uttichattu has been ominated chairman of e Central Board for orker's Education.

K.S. Swaminathan has taken over as chairman, Indian Refractory Makers Association.

N.V. Merani has been elected chairman of Maharashtra Local Centre of the India Concrete Institute.

Dev B. Pahlajani has been elected president of Association of Physicians of India.

Panna Lall Mundhra has been appointed chairman of the Animal Welfare Board of India.

Senior executive positions

A compilation of executive positions advertised in **Business India** and other major publications between 21 May and 3 June 1990.

THE FOUR BEST JOBS

- MANAGING DIRECTOR * Bombay * *Sal* Attractive + car + driver + perks * *Age/Qlfn* 50s * Technical * *Reqd* Ability to run a large company. Leadership skills needed and strong administrative skills. Knowledge of synthetic yarn industry * *Cont* A.F. Ferguson Associates, Post Box 1786, Bombay 400001 (ToI - 21.5)
- MANAGING DIRECTOR (Pharmaceuticals) * Western India * *Sal* Attractive * *Age/Qlfn* NS * NS * *Reqd* Should have a proven track record as chief executive and wide experience in handling finance, marketing and production operations. Ability to deal with financial institutions/government agencies a must * *Cont* AA/319/DK/1, Business India, Wadia Building, 17/19 Dalal Street, Fort, Bombay 400001 (BI - 28.5)
- MANAGING DIRECTOR * Bombay * *Sal* NS * *Age/Qlfn* 45-55 years * NS * *Reqd* Skills to manage professionals and co-ordinate diverse activities and excellent leadership qualities * *Cont* Ram S. Tarneja, Managing Director, The Times of India Bldg, D.N.Road, Bombay 400001 (ToI - 28.5)
- PRESIDENT * Bombay * *Sal* Excellent * *Age/Qlfn* Below 50 years * Chemical engineers with a management degree from well-known Indian/foreign university * *Reqd* 20-25 years of solid turnkey project consultancy experience; who can galvanise the whole company with very senior and experienced professionals in specialised areas * *Cont* P.S. Chohan, President, Aims Management Consultants, 42 Veer Nariman Road, Bombay 400023 (BI - 28.5)

NATIONAL

- GENERAL MANAGER (Finance) * NS * *Sal* NS * *Age/Qlfn* 36-42 years * CA/MBA (Finance) * *Reqd* 12-15 years relevant experience with proven track record in a reputed organisation, out of which 5 years should be at a senior level * *Cont* Tushar Basu, Director, Analytic Consultancy Bureau Pvt Ltd, P-34 Block H, New Alipore, Calcutta 700053 (S - 3.6)
- SENIOR VICE-PRESIDENT * NS * *Sal* NS * *Age/Qlfn* NS * NS * *Reqd* International level connections with bankers, sound knowledge of international banking practices * *Cont* Patel International Ltd, 21 La Kozy Mansion, Chowpatty Seaface, Bombay 400007 (ToI - 21.5)
- PRESIDENT * NS * *Sal* Rs.1.75 lakh pa + perks * *Age/Qlfn* 35-45 years * CA/ICWA/MBA (Finance) * *Reqd* Senior level experience in precision mechanical engineering company preferred. General management exposure required * *Cont* S.N. Kinariwala, Managing Director, Pirnmatic Engineering Pvt Ltd, 148 Muktimedan, Maninagar, Ahmedabad 380008 (BI - 28.5)

WEST

- CHIEF EXECUTIVE (Oxygen Plant) * Pune * *Sal* NS * *Age/Qlfn* 40-45 years * A first class graduate with MBA/CA with specialisation in marketing * *Reqd* Minimum 15 years of marketing experience, out of which 5 years should have been in marketing oxygen, nitrogen, argon and allied gases in a senior position * *Cont* Box No.1864, Statesman, Calcutta 700001 (S - 3.6)
- GROUP GENERAL MANAGER (Finance) * Bombay * *Sal* NS * *Age/Qlfn* 35-48 years * CA with wide experience * *Reqd* To build a professional team, strictly control budget. Creative fund mobilisation is important, with tax planning * *Cont* A.F. Ferguson Associates, Post Box 1786, Bombay 400001 (ToI - 21.5)
- GENERAL MANAGER - EXPORTS (Chemical) * Bombay * *Sal* NS * *Age/Qlfn* Around 35 years * Graduates/PG in chemical engineering or chemistry with MBA * *Reqd* 10 years experience in marketing/export of agrochemicals, dyes/dye intermediates and other chemicals * *Cont* Chief Personnel Manager, Tata Exports Ltd, Block A, Shivsagar Estates, Dr. Annie Besant Road, Worli, Bombay 400018 (H - 23.5)
- MANUFACTURING HEAD * Near Pune * *Sal* NS * *Age/Qlfn* 40-45 * Degree in mechanical engineering with specialisation in production technology * *Reqd* Ability to plan and co-ordinate diverge activities * *Cont* Vice President (Personnel), Kirloskar Pneumatic Co Ltd, Hadapsar Industrial Estate, Pune 411013 (ToI - 24.5)
- GENERAL MANAGER (Operations) * Ahmedabad * *Sal* Attractive + car with driver + perks * *Age/Qlfn* 40-50 years * Degree in textile technology * *Reqd* 20 years experience mainly in spinning technology * *Cont* A.F. Ferguson Associates, 44 Nirman Society, Alkapuri, Baroda (ToI - 28.5)

NORTH

- GENERAL MANAGER * New Delhi * *Sal* NS * *Age/Qlfn* 35-45 years * Chemical engineers * *Reqd* Experience in dealing with foreign collaborators. Should have handled independently projects of Rs.15-20 crore * *Cont* S.B. Billimoria & Co, Post Box No.4325, New Delhi 110019 (ToI - 28.5)

SOUTH

- VICE-PRESIDENT (Finance & Administration) * Bangalore * *Sal* Attractive + housing + chauffeur driven car + perks * *Age/Qlfn* NS * CA * *Reqd* 15-20 years relevant experience of which at least 3-5 years should have been as general manager or higher status in any multinational company * *Cont* Vice-President (Finance & Administration), Digital Equipment (India) Ltd, 92 Industrial Suburb, II Stage, Yeshwanthpur, Bangalore (H - 2.6)

EAST

- VICE-PRESIDENTS (Finance) * Calcutta * *Sal* Attractive + accommodation + car + perks * *Age/Qlfn* 38-45 years * CA/MBA (Finance) * *Reqd* Overall responsibility for managing finance and accounts functions. Ability to conceptualise and implement sound financial systems will be essential * *Cont* VPF/BPA/3013, B.P. Agrawal, Chairman, ABC Consultants Pvt Ltd, 43/3, Hazra Road, Calcutta 700019 (S - 3.6)

OVERSEAS

- MANAGING DIRECTOR/GENERAL MANAGER * Nigeria * *Sal* Attractive + house and staff + chauffeur driven car * *Age/Qlfn* Around 40 years * Mechanical/electrical/plastics engineering with business management preferred * *Reqd* 12-15 years experience in manufacturing industry * *Cont* S.B. Billimoria & Co, Meher Chambers 2nd Floor, Nicol Road, Ballard Estate, Bombay 400038 (ToI - 28.5)
- SALES MANAGER/MARKETING DIRECTOR * Overseas * *Sal* 1 lakh + house + car + perks * *Age/Qlfn* 28-35 years * MBAs * *Reqd* Sales and production management experience, preferably in consumer product industry * *Cont* S. Basavaraj, Management Services Group, Marble Arch Apartments, 9 Prithviraj Road, New Delhi 110011 (ToI - 31.5)

xecutive Positions

TOI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

ATIONAL

- MANAGER (Contract Finance) * * *Sal* Attractive + perks * *Age/Qlfn* NS * CA/MBA with specialisation in finance * *Reqd* Minimum 2 years experience in all aspects of contract finance * *Cont* Deputy General Manager (Personnel), Larsen and Toubro Limited, ECC Construction Group, P.O. Box 979 Mount Ponnumallee Road, Manapakkam, Madras 600089 (ToI - 21.5)
- FACTORY MANAGERS * NS * *Sal* 4,250 pm + perks * *Age/Qlfn* 35-40 years * Graduate/PG in engineering * *Reqd* Minimum 15 years experience of which 4 years in managerial position. Business management qualification an advantage * *Cont* Ramapati Singhania, Director, J.K. Synthetics Ltd, Saranath, 10th Floor, 59-B Bhulabhai Desai Road, Bombay 400026 (ToI - 26.5)
- PRODUCTION PLANNING * Bombay * *Sal* NS * *Age/Qlfn* NS * Degree in mechanical/industrial engineering * *Reqd* 8-10 years experience in production planning * *Cont* Personnel Director, Colgate-Palmolive (India) Ltd, Apeejay House, 3 Dinshaw Vachha Road, Bombay 400020 (ToI - 21.5)
- MANAGER (Exports) * Bangalore * *Sal* NS * *Age/Qlfn* NS * An engineer or a graduate in arts/science with an MBA * *Reqd* At least 5 years experience in handling engineering exports * *Cont* The Senior Manager - Personnel, TVS Electronics Ltd, 44 Miller Road, Bangalore 560052 (HT - 24.5)
- FACTORY MANAGERS * Bombay * *Sal* NS * *Age/Qlfn* 35-40 years * Graduate/PG in engineering * *Reqd* Minimum 15 years experience, out of which 4 years in a managerial position dealing technical and administrative functions * *Cont* Ramapati Singhania, J.K. Synthetics Ltd, Saranath, 10th Floor, 59-B, Bhulabhai Desai Road, Bombay 400026 (HT - 24.5)
- CHIEF INTERNAL AUDITOR * Pune * *Sal* NS * *Age/Qlfn* NS * NS * *Reqd* Senior level experience in internal audit in a large engineering company * *Cont* Vice-President (P&A), Walchandnagar Industries Ltd, Walchandnagar 413114, Pune (ToI - 2.6)
- MANAGER INFORMATION SERVICES * Bombay * *Sal* NS * *Age/Qlfn* Around 35 years * PG qualifications in systems * *Reqd* 10 years experience in EDP/systems. Exposure to software development in UNIX a must * *Cont* Manager (Personnel & Administration), Nyloc House, 254 D-2, Dr. Annie Besant Road, Worli, Bombay 400025 (26.5)
- SENIOR MANAGER * Pune * *Sal* NS * *Age/Qlfn* NS * Degree in mechanical/chemical engineering. PG in marketing management preferred * *Reqd* NS * *Cont* The General Manager-Personnel, Ion Exchange (India) Ltd, Tiecicon House, Dr E. Moses Road, Mahalaxmi, Bombay 400011 (ToI - 28.5)
- FINANCE CONTROLLER * Bombay * *Sal* 75,000 pa * *Age/Qlfn* NS * CA * *Reqd* Minimum 5 years relevant experience. Knowledge of computers desirable * *Cont* R.K.J. Khambala & Co, Rajab Mahal, 144 M Karve Road, Bombay 400020 (ToI - 28.5)
- COMMERCIAL MANAGER * Bombay * *Sal* Around 1,00,000 pa + retirement benefits * *Age/Qlfn* Around 30 years * Qualified accountants or MBAs * *Reqd* 5-7 years relevant experience. Knowledge of computerisation an advantage * *Cont* The General Manager, Hindustan Thompson Associates Ltd, Lakshmi Building, Sir P.M. Road, Bombay 400001 (ToI - 31.5)
- MARKETING MANAGER * Delhi * *Sal* Rs.6,500-7,000 pm + house + car * *Age/Qlfn* 30-35 years * Graduates in science/chemical engineering * *Reqd* Should have exposure in marketing chemical products. Strong emphasis on customer service is considered essential * *Cont* Mr. Ashoke Bahl, Director, Management Services Group, Marble Arch Apartments, 9 Prithviraj Road, New Delhi 110011 (HT - 27.5)
- MANAGER (Business Planning) * Delhi * *Sal* Rs.6,500-7,000 pm + house + car * *Age/Qlfn* 20-35 years * MBA, preferably with an engineering degree * *Reqd* Exposure to corporate planning a must. Should have sound knowledge of commercial aspects of business * *Cont* Mr. Ashoke Bahl, Director, Management Services Group, Marble Arch Apartments, 9 Prithviraj Road, New Delhi 110011 (HT - 27.5)

OVERSEAS

- SOFTWARE PROFESSIONALS * Overseas * *Sal* Excellent * *Age/Qlfn* NS * NS * *Reqd* Unisys Linc professionals * *Cont* The Software Export Manager, Data Software Research Co Ltd, Kasturi Towers, 6 Smith Road, Madras 600002 (ToI - 3.6)
- BUSINESS DEVELOPMENT ENGINEER * Muscat * *Sal* Excellent + perks * *Age/Qlfn* Below 35 years * Engineers with MBA in marketing * *Reqd* 5 years experience with any leading group, of which at least 2 years in a department devoted to diversification * *Cont* Professional Profile, GPO Box No 291, Bombay 400001 (ToI - 3.6)
- SENIOR CIVIL ENGINEER * Saudi Arabia * *Sal* SR 5,000 * *Age/Qlfn* NS * B.Sc. (engineering) * *Reqd* Experience in general civil engineering, structural steelwork roads * *Cont* Goodmans International, 3 Yugprabhat, Near Hammersmith Industrial Estate, Off Sitladevi Temple Road, Mahim, Bombay 400016 (S - 23.5)
- CHARTERED ACCOUNTANTS * Oman * *Sal* NS * *Age/Qlfn* 24-27 years * CA * *Reqd* At least 2 years post qualifying experience * *Cont* The Staff Partner, Coopers & Lymand, P.O. Box 6075, Sultanate of Oman (ToI - 28.5)
- CHIEF ENGINEER/PRODUCTION MANAGER (Plastics) * Nigeria * *Sal* Attractive + house and staff + car * *Age/Qlfn* Around 35 years * Mechanical/electrical/packaging engineering * *Reqd* 10-15 years experience in plastic industry. Knowledge and work experience of large injection moulding and blowmoulding processes essential * *Cont* S.B. Billimoria & Co, Meher Chambers 2nd Floor, Nicol Road, Ballard Estate, Bombay 400038 (ToI - 28.5)
- PROJECT MANAGER * Yemen * *Sal* $945 pm * *Age/Qlfn* NS * Graduate in mechanical engineering * *Reqd* Minimum 10-12 years experience in implementing projects in chemical process industry * *Cont* Datamatics Staffing Services, Post Box No.106, GPO, Bombay 400001 (ToI - 28.5)

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The Person Industry Professionals with diversified experience, preferably in consumer finance, broking, development banking, merchant banking, treasury operations, leasing, hire purchase. Age Group 30-48.

The Package Will be outstanding within the industry. Salary will be in the range of **Rs 1 to Rs 4 Lakhs + Housing/HRA + Car/Allowance + All Perquisites.**

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Our clients, a highly reputed, rapidly-growing and entirely professionally-managed Industrial Group with an impressive growth record. The on-going expansion and diversification projects are slated to take the annual Group turnover past the Rs. 200-crore mark in the next three years. We have been retained by the clients to seek a top-flight industry professional to head their recently-acquired Leasing and Financing company.

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The appointee will be expected to transform the Group's new acquisition – largely a mainline leasing outfit today – into a highly profitable broad spectrum financial company in the next few years. Towards this objective, he will:

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The desired profile for this key position is of a mature and highly innovative Chartered Accountant/MBA (Finance)/Banker in the age group of 40-45 years. He will have acquired bulk of the relevant experience at a senior level – at least 2-3 years of this at management level – in reputed leasing and merchant banking organisations. A proven ability independently to raise funds from the banks, the financial institutions and the market is crucial. Equally crucial is an ability to interpret changes in the government policies and macro-economic environment and relate them to the company's growth strategies.

The position is Bombay-based and carries a remuneration package which for a really outstanding individual will match the best in the industry.

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President
Cosmos Business Consultants
206/8, Cadell Road, Mahim,
Bombay 400 016
Phone: 46 7734

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At Powmex Steels we are preparing to meet a most exciting challenge. We are setting up Asia's first plant employing advanced Powder Capsule Forging and ingot technologies to manufacture High Speed Steels that will challenge the finest produced in the world. The Rs. 700 million project at Turla, Bolangir District, Orissa, has technical collaboration of the world leaders M/s. Bohler Ges MBH of Austria. Powmex is the first Indian Company to get the benefit of their pioneering Powder Capsule Forging technology.

The plant will have an installed capacity of 3750 TPA which will reduce the existing demand-supply gap of 5600 TPA and save foreign exchange. The plant will begin commercial production in the first quarter of 1991. The plant will have an Electric Arc Furnace from M/s. GEC, a Gas Atomisation Plant from M/s. Osprey, U.K. and a Capsule Manufacturing Unit from M/s. National Forge, Belgium. It will also have Reheating and Annealing Furnaces from M/s. Wellman, Horizontal Precision Forging Machine from M/s. GFM, Austria, 9 strand Wire Rod Mill from M/s. Mecon and other sophisticated steel plant equipment from reputed manufacturers in India and abroad.

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1. GENERAL MANAGER-MARKETING

(1 POST) HYD Rs. 1,40,000 p.a.

The incumbent will head the all India sales and marketing function for High Speed Steel sections and provide the necessary thrust both in domestic and international markets to achieve leadership for the company's products.

Responsibilities include developing overall marketing objectives, formulating strategies and effectively administering their implementation. A creative and dynamic marketing approach is needed, as also an ability to organise and motivate a strong team of marketing professionals to achieve the company's sales targets. Establishing a national distribution network, product promotion, developing innovative pricing plans, after-sales etc, will be part of the job profile.

The right candidate would be a graduate in Mechanical/Metallurgical Engineering and around 45 years of age. The candidate should have 20 years relevant experience including 5 years as head of sales in a large special/alloy steel plant. Exposure to international marketing and export will be an added advantage.
The position reports to the Joint Managing Director.

2. GENERAL MANAGER - WORKS

(1 POST) Rs. 1,40,000 p.a.

The incumbent will have integrated responsibility for ensuring high performance in the overall functioning of Steel Melting, Forging, Reheating Furnaces, Powder Metallurgy Shop, Rolling Mills and Finishing Section. Will need to demonstrate ability to implement and run plant operations smoothly and optimise quality, quantity and cost targets. The candidate will have to bring sound administrative, technical and liaisoning skills to the job.

The right candidate would be a Mechanical/Metallurgical Engineer, 45 years of age, with 20 years shop floor experience in special/alloy Steel Plants including 5 years in a senior managerial position. Comprehensive knowledge of state-of-the-art technology in Steel Melting, Rolling and advanced forging techniques is essential.
The position reports to the Vice-President.

3. HEADS OF DEPARTMENTS (7 POSTS)

Rs. 80,000 to 1,05,000 p.a.

Mechanical/Metallurgical Engineers around 35-40 years of age, with 10-15 years shop floor experience including 10 years relevant experience at a large special/alloy steel plant and 5 years at a senior managerial level. The positions call for good human-relations skills to lead and motivate a large employee force of high-caliber engineers, skilled and semi-skilled workers.

The incumbent will head one or two of the following departments

Powder Metallurgy Shop
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Forge Shop
Rolling Mill
Quality Control
Finishing Section
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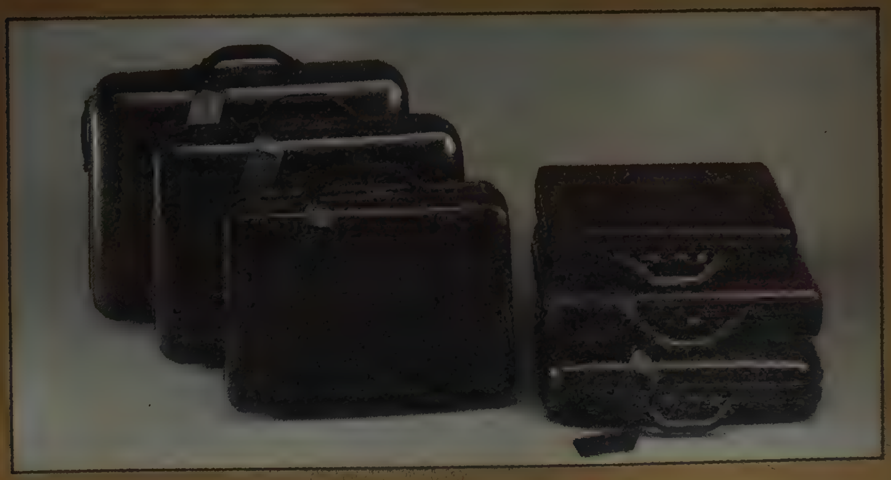

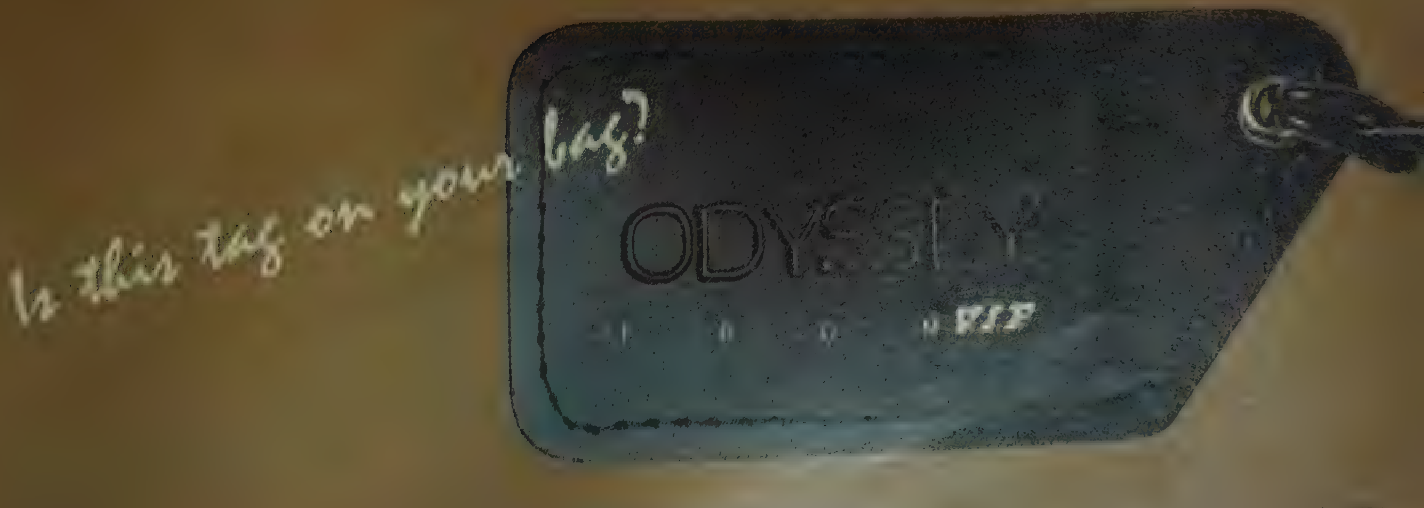

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The incumbent will identify business opportunities in fields related to hydrocarbons, evaluate various projects, guide in preparation of detailed project reports, identify potential sources for foreign collaborations, prepare & monitor long range corporate plans and actively participate in processing project proposals.

Candidates should preferably be Chemical Engineering Graduates with Post-Graduate qualification in Business Management from reputed institutes. Should have 10-15 years professional experience including about 5 years at senior levels in the corporate planning function with specific emphasis on diversification activities. Demonstrated aptitude for evolving creative alternatives for new ventures essential. Experience related to Oil Refineries/ Petrochemical units including selection/negotiations for technology transfer will be advantageous. Age : Below 45.

Emoluments will be commensurate with background and experience.

Apply within ten days with detailed bio-data marking envelope & application with job title & code : CMC/MDS/5. ALL APPLICATIONS WILL BE TREATED IN STRICT CONFIDENCE.

Personnel Selection Division

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Graduates /Postgraduates in agriculture/horticulture with 10 years field experience on farms or in processing of value added agro-products. Experience in procurement and trading/export of agro-products like oilseeds/oilseed extraction, cashew, pulses, cereals and tea/coffee would be an advantage.

Age: Around 35 years.

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Graduates/Postgraduates in Chemical Engineering or Chemistry with MBA and 10 years experience in marketing/export of agro-chemicals, dyes/dye intermediates and other chemicals. Sound knowledge of global supply sources and experience in third country trading would be an asset.

Age: Around 35 years.

General Manager — Pharmaceuticals

Graduates/Postgraduates in Pharmacy, preferably with MBA and 10 years factory based experience in manufacturing/marketing of pharmaceuticals. Sound knowledge of global pharmaceutical industry and grasp of trends in health care and pharmaceuticals essential.

Age: Around 35 years.

Interested candidates may apply within a fortnight to:

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Key responsibility areas of this cell will be identification, evaluation and implementation of advanced technologies in the areas of manufacturing and operations management including metal cutting and forming, process equipment, material handling etc. Continuous assessment for enhancement of manufacturing facilities and product and process studies for productivity improvement will be vital assignments. The tasks also comprise continuous liaison with technical consultants, contractors etc. for designing lay-outs, assembly lines and project execution and commissioning. The MRP group requires.

DEPUTY GENERAL MANAGER — MRP (Ref : TM/21)

Candidates should be Graduates in Mechanical Engineering, with a minimum of 12/15 years work experience in a hi-tech environment, preferably in automotive industry. At least 3 years in a senior capacity essential. Experience in manufacturing & facilities planning, equipment selection and project management vital. This is a senior position involving motivating and leading a team of bright engineers. Age — around 40 years.

ENGINEERS — MRP (Ref. TE/22)

Candidates should be Graduates in Mechanical Engineering with a minimum of 5 years' experience preferably in automotive industry with exposure to the latest production facilities. Experience in equipment selection and facilities improvement desirable. Age — 30 years.

The positions call for high initiative and offer attractive remuneration with good prospects for career growth. The group will initially be located in Madras and may later be positioned in Bangalore.

Apply within 10 days (superscribing reference code) giving details of age, qualifications, career accomplishments and current remuneration to :

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The incumbent will be responsible for formulation and implementation of corporate financial policies/strategic plans, mobilisation of finance, working capital, project cost management, MIS, tax planning, management accounting and finalisation of accounts.

He should be a Chartered Accountant or an MBA (Finance) with 15/20 years experience in Financial Management.

Deputy General Manager (Finance)

He will be responsible for Finance and Accounts functions like financial accounts, cost accounts, inventory control, internal audit, funds management, credit and budgetary control, taxation and MIS.

Applicants should be Chartered Accountants/MBA (Finance) with 10 years relevant experience at a senior level.

Company Secretary

This position should be filled in by a person with a minimum of 10-15 years experience in a similar capacity in a reputed corporate organisation.

Preference will be given to Chartered Accountants and the person with a degree in Law. The candidate will primarily be responsible for all legal and secretarial matters.

General Manager – Contracts

An important cog in the cycle of smooth functioning. The position involves complete responsibility of air conditioning contracts and follow-up servicing of cooling systems.

Engineers with 10 years plus experience need apply. A candidate with also an MBA degree,is preferable.

Commercial Manager

Bombay/Ahmedabad/Surat

Purchase, planning, liasion with Government and other agencies, and other commercial functions will be under the responsibility of the incumbent.

Graduates, preferably, MBAs with 7 years experience in a similar position in a reputed company need apply.

Regional Sales Manager

He will be responsible for all sales & distribution functions and will be accountable for achieving the company's marketing objectives.

He should be a graduate, preferably an MBA, with 7-10 years experience in Field Sales/Branch Management in reputed companies.

Export Manager

All procedures related to Engineering exports will be handled by the incumbent. The job involves frequent travelling.

The candidate should have 5 years relevant experience and should hold an Engineering degree. Preference will be given to MBAs.

Industrial Engineers

Looking out for various vacancies in Industrial Engineering Dept. Experience in machine tool & allied industries is essential. Must have handled similar assignments for at least 3 – 5 years.

Engg. Graduates/Post Graduates with an Industrial Engg. specialisation need apply.

Upper age limit for all the above posts is 45 years. These positions carry excellent emoluments commensurate with qualifications and experience, and have vast growth potential.

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An experienced, dedicated, self-motivated technologist in the age group 40-45 with excellent academic credentials, Ph.D./M.Tech. (Metallurgy) with specialisation in Steel Foundry Technology and a proven track record of innovation and development of sophisticated Steel Castings for critical applications. Awareness and contact with latest developments in the field and of measures to be taken to meet current competition — both domestic and international — would be essential. He should also be able to lead and guide a team of professionals from his own dept. and the shop floor in the achievement of the challenging objectives in the shortest possible time and at economical cost. He would report to Vice President.

MANAGER (R&D):

M.E./M.Tech.(Met.) with Steel Foundry specialisation and minimum 10-12 years experience in methods/production of variety of Steel Castings. Excellent track record of practical achievement of casting development in co-ordination with shop floor personnel, and indepth knowledge of his subject, tenacity of purpose and resourcefulness are essential. He would report to the General Manager (R&D).

ASSISTANT MANAGER (R&D) — (Two Posts):

M.E./M.Tech.(Met.) with Steel Foundry specialisation and minimum 4-6 years experience in the R&D/production side of a reputed Steel Foundry. Willingness to work hard, perseverance, studious habits to avail of benefit of past work done in India/abroad in related fields from scrutiny of technical literature etc. essential. These Two Assistant Managers would report to Manager (R&D).

Salaries and perquisites for all the above posts would be commensurate with qualification and experience and would not pose any problem for really deserving candidates.

Apply within 15 days with full bio-data, passport size photograph, record of practical achievements, present and expected emoluments etc. to —

Chief Executive President
CIMMCO LTD. (Steel Foundry Division)
Birlanagar, Gwalior (M.P.) Pin-474 004.

We are being retained by a professionally managed and fast growing industrial house in flexible packaging and engineering equipments with diversified business interests, having a turnover of more than 50 crores. The company offers pay and perquisites matching the best in industry, a thoroughly professional and challenging work environment with full freedom for initiative, innovative working and unlimited opportunities for growth. The group is poised for further expansion and diversification and for that it requires the following personnel:—

DY. GENERAL MANAGER/ASST. GENERAL MANAGER (F&A) —3 NOS. DELHI/NOIDA
Should be a Chartered Accountant/MBA (Finance) from an institution of repute having a minimum of 6-10 years experience with an established organisation at a senior position. The incumbent would be required to head the Accounts and Finance Departments of the group Companies. Age around 30—35 years.

DY. GENERAL MANAGER (MARKETING) —NOIDA/BOMBAY/CALCUTTA/MADRAS
Should be an MBA/Post graduate with specialisation in marketing having 8-10 years experience at senior level in the field of flexible packaging. The incumbent should have initiative,drive and professional excellence. Age 30—35 years.

COMPANY SECRETARY — DELHI
Should be a Company Secretary with 4—7 years post qualification experience and should be fully conversant with public issues, requirements of company law, dealing with stock exchange, controller of capital issues etc. Degree in law and knowledge of MRTP, FERA and IDRA shall have added advantage, Age around 30-35 years.

ASSTT. GENERAL MANAGER — PERSONNEL — NOIDA
Should be professionally qualified to degree level with specialisation in personnel management. Age 30—35 years.

ASSTT.MANAGERS/FINANCE EXECUTIVE — 2 NOS. DELHI/NOIDA
Should be a Chartered Accountant/MBA (Finance) from an institution of repute with 2-4 years experience in similar capacities. Age 28—32 years.

TAXATION EXECUTIVE (INCOME TAX AND SALES TAX) — 1 EACH NOIDA
Should be an innovative Chartered Accountant with 1-3 years experience in handling corporate, personnel taxation and sales tax. Age 22—28 years.

MANAGEMENT TRAINEES — 4 NOS. DELHI/NOIDA
Should be highly motivated self starter having the basic qualification of CA/MBA with specialisation in finance. Age 22—25 years.

LAW EXECUTIVE — NOIDA
Should be a law graduate with 2—3 years experience as an advocate or in an Industrial House. The incumbent should be conversent with Civil and Criminal Laws and should be able to handle documentation independently.

SECRETARIES TO CHAIRMAN/CHIEF EXECUTIVES — 4 NOS. DELHI/NOIDA
Should be a graduate having 4—6 years experience with senior executives with command on short hand and should be fully conversant with modren office automation equipments—Age 26—35 years.

Apply immediately with a passport size photograph, complete bio-data with contact telephone number to:

Director
Avi Growth Avenues Pvt. Ltd.
G-103, Kalkaji, New Delhi-110 019.

PPS

SENIOR MANAGERS
(ENGINEERING INDUSTRY)

Our clients are a well-established organisation of repute. They are in the business of manufacturing and marketing capital equipment and have carved a niche in the market for their products. They also represent a large number of reputable foreign firms dealing with hi-tech engineering products. With a view to expanding their activities, our clients are looking for the following professionals:

D G M - MARKETING
(CAPITAL EQUIPMENT)
BOMBAY

The ideal candidate for this position will be a Mechanical Engineer with at least 10 years of senior level experience in marketing capital equipment. The responsibilities of the selected candidate will include strategy formulation and implementation, among other things. Age 40-45 years.

MANAGER - EXPORTS
BOMBAY

The selected candidate will head the Export Marketing Department and lead a team of young export professionals. He will have to travel widely all over the world to strengthen and expand the existing market for the company's products. Engineers (Mechanical and Electrical) with at least 10 years of relevant experience in exporting capital equipment will be suitable for the job. Age 40-45 years.

MANAGER (ADMINISTRATION AND PERSONNEL)
BOMBAY

The incumbent will be responsible for the office administration and all personnel functions related to the staff members. A Graduate preferably with Postgraduate qualifications in Administration/ Personnel Management with around 15 years of relevant experience will meet the requirements. Age around 40 years.

MANAGER-FINANCE & TAXATION
BOMBAY & PUNE

The incumbent will be responsible for the finance, accounting and taxation functions for the group companies. Chartered Accountants with 15 years of relevant experience of which five years at a Senior Level will meet the job requirement. Age 40-45 years.

All the positions carry attractive salary and usual perks.

Please apply within 10 days, enclosing a passport-size photograph and giving your biographical particulars including names of present and past employers and current and expected emoluments to:

PERSONNEL & PRODUCTIVITY SERVICES
(A Division of Tata Consultancy Services)
Army & Navy Building
148, Mahatma Gandhi Road,
Bombay 400 001

CHAITRA-B PPS 24

SRF

FORMERLY *SHRI RAM FIBRES LIMITED*

The SRF group is a fast growing, well-diversified group of companies. The group turnover from the diverse business lines is expected to cross Rs 250 crores in the current year.

We are leaders in the synthetic fibre industry. Backed by a track record of success, the group is now poised for rapid expansion, new technology development and growth into exciting new areas. Our Fibres & Plastics business group has made significant achievements in new product and technology development in the field of nylon tyre cord, fishnet twines, engineering plastics & speciality yarns for various applications, and has plans to exploit these developments and to undertake further developments in similar related areas. Specifically, the Nylon Industrial yarn business has cogent growth plans both at Madras and at other locations.

To facilitate this process, the following positions have come up:

PROCESS DEVELOPMENT MANAGER

The ideal person would be a chemical or textile engineer with about 15 years experience in the synthetic fibre industry, specifically in plant operations, technology development, design & development of processes & products. Key responsibilities would include process engineering with emphasis on technology improvement & development. We are looking for a professional with a strong techno-commercial orientation in the synthetic fibre field coupled with outstanding technical capabilities and leadership qualities.

PROCESS ENGINEERS (Six)

Chemical or textile engineers with 5-8 years of process experience in the field of synthetic fibres are required, to augment our current pool of technical manpower. Incumbents will be placed in positions of responsibility to monitor and control processes and to contribute to process development and production aspects.

Remuneration package will be comparable with the best in the industry. Interested candidates may apply within 7 days with a detailed resume, superscribing the envelope with the code 'F&P/PROCESS/MADRAS' to:

Vice President Personnel
SRF LIMITED
Express Building,
9-10 Bahadur Shah Zafar Marg,
New Delhi-110 002.

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Some distinguish it.

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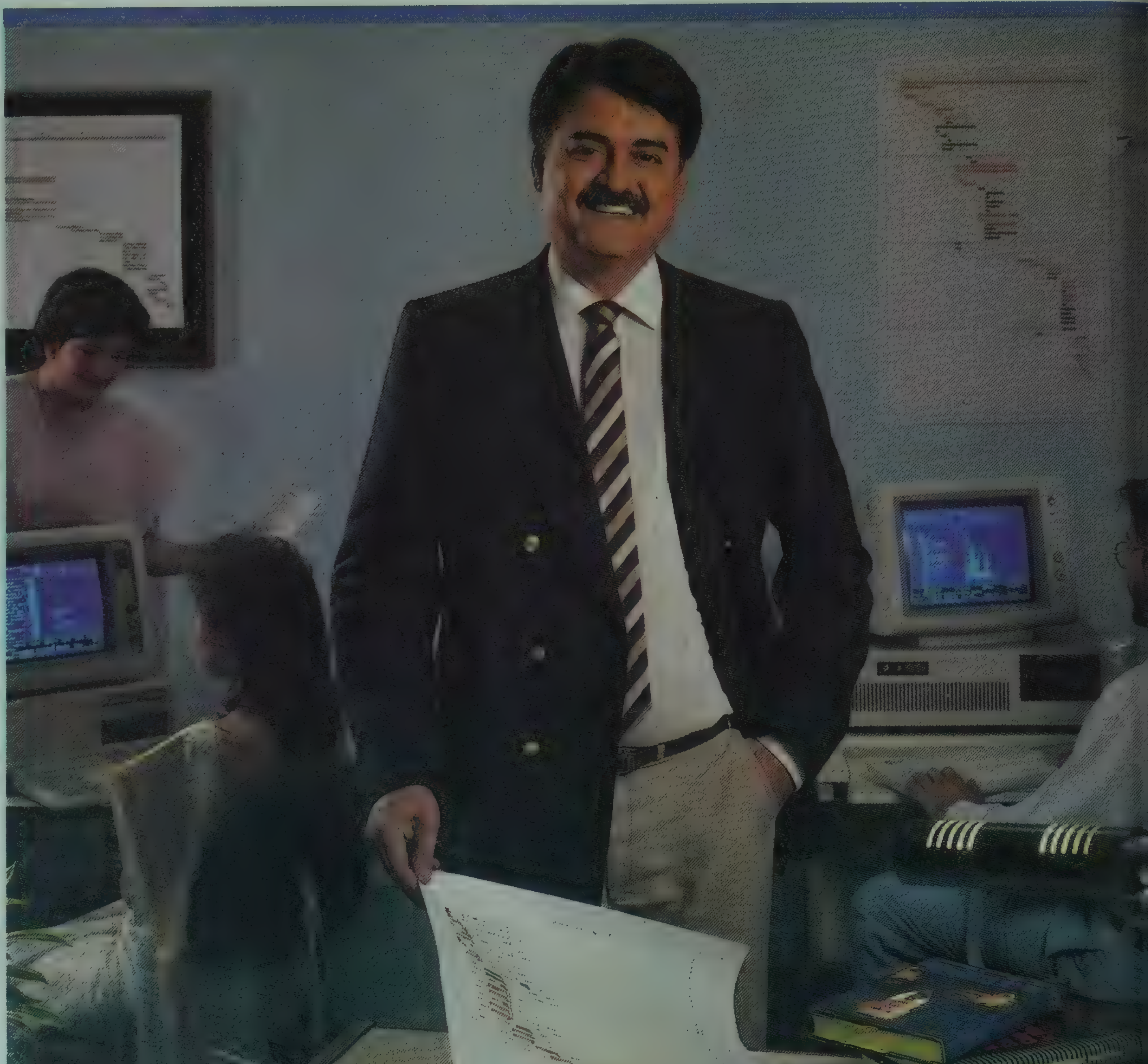
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To
The Product Manager Wipro Systems Limited
40/1A Lavelle Road Bangalore 560 001

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is produced efficiently on the plant and equipment supplied by CHIMMASH Firm :

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TATA EXPORTS LIMITED

requires Top notch professionals for
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The company is a leading trading house with a turnover exceeding Rs.250 crores and is poised for growth and further diversification. The company's current business portfolio includes engineering products, chemicals/commodities/foods, consumer products, leather/leather products, and turnkey engineering projects. The company needs outstanding managers/engineers/economists for key positions with excellent prospects for career development.

The remuneration package will be attractive for the right persons.

Senior Manager — Production (Textiles/Garments)
Graduates/Postgraduates in Textiles/Mechanical Engineering with at least 10 years factory based experience in manufacture and sourcing/quality assurance of fabrics and garments. In-depth knowledge of fabric supply sources and current trends in garments/apparel manufacturing technology essential.

Age: around 35 years.

Senior Manager — Export (Textiles/Garments)
Graduates/Postgraduates in Textile Engineering preferably with MBA and having 10 years experience in sourcing, quality assurance and marketing of fabrics/apparel/garments. Sound knowledge of the global trends in Textile/Garment trade and in-depth understanding of the quota system essential.

Age: around 35 years.

Senior Manager — Import (Metallurgical products)
Graduates in Metallurgical Engineering preferably with MBA and having 10 years factory based experience in production/marketing/design/development related to metallurgical products. In-depth knowledge of supply sources for metals/scrap/other metallurgical products and requirements of Indian industry essential.

Age: around 35 years.

Manager — Farm
Graduates/Postgraduates in Agricultural Sciences with 10 years farm based experience in crop selection, cultivation, seed farming and development, mechanised farming, water and other farm resources management. Proven capability for leading a team of agronomists, farm staff and handling farm labour essential. Sound knowledge of agricultural machinery and modern agronomy practices desirable.

Age: around 35 years.

Senior Managers — Business/Market Development
Graduates/Postgraduates in Engineering with MBA having broadbased experience of 10 years in marketing/manufacturing/product design, and business development would qualify for this challenging and exciting role.

Age: around 35 years.

Business/Project Development Engineers
Graduates/Postgraduates in Mechanical Engineering preferably with MBA and 5 years factory based experience in product design/development/manufacturing and marketing. Excellent prospects exist for spearheading one of the new business lines or implementation of a proposed manufacturing project.

Age: around 30 years

Business Economists
Postgraduates in Economics with 5 years experience in identification of data sources, processing of data from both primary and secondary sources, and updating business information base. Proven capability in computerisation of information/micro-filming of records and data retrieval systems desirable.

Age: around 30 years

Interested candidates may apply within a fortnight to:

Chief Personnel Manager
TATA EXPORTS LIMITED
Block A, Shivsagar Estates,
Dr Annie Besant Road, Worli
Bombay 400 018

TATA
EXPORTS

SRF

FORMERLY *SHRI RAM FIBRES LIMITED*

PROJECT MANAGERS
&
ENGINEERS

SRF is a growth-oriented group with an enviable track record. The group turnover from a diverse product range, including nylon industrial yarns and fabrics, engineering plastics, fluorochemicals, bearings, auto-electricals and financial services, is expected to cross Rs. 250 crores in the current year.

Our ambitious growth plans are targeted to take the group turnover to over Rs. 1000 crores by 1995-96. An investment of over Rs. 900 crores is planned through major projects including caprolactam, industrial nylon, synthetic glycerine, chloro— and fluorochemicals.

For timely implementation of these projects, we are on the look-out for result-oriented **CHEMICAL, MECHANICAL, ELECTRICAL, INSTRUMENTATION & CIVIL engineers** with experience ranging from 3 to 12 years for various managerial and executive positions.

Candidates should have hands-on experience in production/process engineering coupled with experience in planning and implementation of chemical/petrochemical projects. Persons with experience in installation & operation of utilities may also apply. Selected persons will initially be part of the project execution teams at Delhi, Madras and other locations and would later be suitably absorbed in the running units.

Compensation package, commensurate with qualifications and experience, will be at par with the best in the industry. Interested candidates should apply, within 7 days, with a detailed resumé, superscribing the envelope with "PROJ : (discipline applied for)" addressed to :

Vice President (Personnel)
SRF LIMITED
Express Building,
9-10 Bahadur Shah Zafar Marg, New Delhi-110 002.

WE, Result – an affiliate of Network Marketing Intl., U.K. and a fast growing Sales Promotion and Marketing Services agency, have been retained as management consultants by one of our clients, to recruit marketing professionals.

The client is a Rs. 30 crore publishing group, a reputed distributor representing over 35 foreign publishers, and a leader in marketing a wide range of foreign scientific, technical and medical publications and information in print and electronic form to institutional buyers.

WANT a BUSINESS DEVELOPMENT MANAGER, (Code: RES/BDM) 5-8 years' experience.

PRODUCT MANAGERS, (Code: RES/PM) 3-6 years' experience.

PRODCUCT EXECUTIVES, (Code: RES/PE) with 1-3 years' experience.

All these positions are for the Corporate office in Delhi only.

YOU will be graduates, preferably MBAs with specialisation in marketing, and experience in Direct Marketing/Sales Promotion/ Institutional Selling. Data Base Management will be an added advantage.

AS BUSINESS DEVELOPMENT MANAGER, you will supervise a team of Product Managers and Marketing Executives, and handle the Strategic Planning & All India Marketing functions.
Salary – Rs. 1,00,000/- p.a.

As PRODUCT MANAGERS, you will handle a profit centre, and will be assisted by an All India/Regional team, handling specific products.
Salary Rs. 60-70,000/- p.a.

As PRODUCT EXECUTIVES, you will be in charge of marketing various products to Target Segments/ Institutions, and will be in charge of all control and feedback systems.
Salary Rs. 36-40,000/- p.a.

Salary will not be a constraint for deserving candidates. Superscribe the envelope with the relevant code and send in your application with your photograph within 7 days, addressed to:

Ajay Gupta
Chief Executive
RESULT
Sales Promotion & Marketing Services
V-15 Green Park Extension New Delhi – 110016.

Result

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RESULT – Sales Promotion & Marketing Services, V-15, Green Park Extension, New Delhi–110 016.

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WE ARE WORKING ON THEM.

Take a look behind some successful brands of today. And you'll find one name. TTK. A Group with a special place of its own. With a diversified product range that extends from pressure cookers to shoe polish to contraceptives.

Today, the Rs. 200 crore strong TTK Group is divided into 3 divisions: Durables (kitchen appliances), Consumer (pharmaceuticals and food products) and Textiles (hosiery and yarn).

The Group is not only spearheading an export thrust but also exploring growth avenues in areas like publishing and cartography. Introducing new home remedies and cardiovascular drugs. And extending its line of kitchen durables, to include innovative international products.

Presently, three ambitious projects are underway in Karnataka, Tamil Nadu and Maharashtra.

The net momentum of these efforts is expected to double turnover in a short span of three years.

To guide the destiny of its repertoire of brand leaders (and create some new ones), the Group needs high calibre professionals, (preferably MBAs), with an exceptional track record underlined by a keen sense of initiative and direction.

HERE'S HOW YOU CAN WORK ON THEM TOO.

The TTK Group has openings at these levels

LEVEL	*EXPERIENCE*	*LOCATION*
Consumer Products		
ALL INDIA SALES MANAGERS	7 years	BANGALORE & MADRAS
ALL INDIA SERVICE MANAGER	7 years	BANGALORE
PRODUCT MANAGERS	3 years	BANGALORE
REGIONAL SALES MANAGERS	5 years	NORTH & EAST
AREA SALES MANAGERS	3 years	VARIOUS LOCATIONS IN INDIA
Manufacturing		
WORKS MANAGER	12 years	MAHARASHTRA
PROJECT MANAGERS*	8 years	KARNATAKA, TAMILNADU & MAHARASHTRA

** Engineers who will initially be responsible for project management and then head the completed projects as General Managers.*

Apart from an attractive remuneration package, you can look forward to shaping your career with one of India's fastest growing, fast evolving groups. Where the accent is on professionalism and dynamism. With the freedom to devise and implement strategic plans, in a conducive work environment.

Please apply in confidence within 7 days to:

The Group Marketing Director
TTK Group,
11th Floor, Brigade Towers,
135, Brigade Road, Bangalore 560 025.
Tel: 510831, 510351.

The ttk Group

MAA COMMUNICATIONS 1154

Are you — an achievement-oriented computer professional;

— a person who can strengthen our leadership position in computer marketing to financial institutions, banks, etc;

— a person who will be responsible for marketing functions and sales targets;

Do you — have Electronics/MBA degree from a reputed Company;

— And 10 successful years of marketing experience in the Computer/Office Automation Industry, of which 7 years have been in sales/marketing management;

If so — then you are the person we are looking for. We need you as our **PRODUCT MANAGER—FINANCE INDUSTRY**, to lead a team of professionals engaged in the sales and marketing of computers. This position will be based at Bombay.

We assure you — a remuneration package that compares with the best in the industry.

You may like to know about us — Blue Star is a multi-divisional, multi-product Company with manufacturing facilities in Maharashtra and Gujarat, with marketing and service establishments throughout India. We are now racing towards a Rs 200 crore turnover.

Kindly apply in person or write within 7 days — **with details of age, qualifications, nature of experience and present remuneration, to the Manager-Personnel,**
BLUE STAR LIMITED, Sahas, 414/2 Veer Savarkar Marg,
Prabhadevi, Bombay 400 025. Telephone 430 61 55.

★ **BLUE STAR**

STEEL STRIPS GROUP

Requires

PROJECT MANAGER

We are a progressive and professionally managed group of companies having diversified manufacturing interests in Cold Rolled Steel Strips, Steel Ingots and Billets, Precision Steel Tubes, Automobile Wheels, Industrial Hard Oils and Acrylic Staple Fibre apart from Civil Engineering Constructions. The present Annual Turnover of the group is around Rs. 200 Crores.

Indian Acrylics Ltd. (IAL) is setting up a project for manufacture of Acrylic Staple Fibre in technical collaboration with world renowned leaders Du-Pont Inc. USA. The project, being implemented in Assisted Sector with PSIDC, would have a capital outlay of Rs. 192 Crores. IAL now has plans to set up a Spinning Mill with a capacity of 25000 spindles in District Sangrur, Punjab.

For this Spinning Mill Project, we are looking for a seasoned and mature Project Manager. The ideal candidate would be a Textile Engineering Graduate with 10 to 15 years experience to his credit, in project implementation/management and operations of a modern Spinning Mill manufacturing synthetic yarns. He would be expected to take complete charge of the project independently. Work environment is challenging and stimulating and offers immense opportunities for further growth.

This position carries attractive remuneration with top managerial perks. Those interested may forward their curricular vitae within 15 days to :

Executive Director
Indian Acrylics Limited,
SCO No. 11A-12, Sector 7-C, Chandigarh-160 019.

EXCITING (AND REWARDING) CAREER OPPORTUNITIES IN LEASING & FINANCING

Our clients, a highly reputed, rapidly-growing and entirely professionally-managed Industrial Group with an impressive growth record. The on-going expansion and diversification projects are slated to take the annual Group turnover past the Rs. 200-crore mark in the next three years. We have been retained by the clients to seek outstanding industry professionals for the following positions in their recently-acquired Leasing and Financing company.

MANAGER (Finance & Accounts)

The selected candidate would be mainly responsible for sourcing of funds under the guidance of the Managing Director of the company to whom he will report. He would also have overall responsibility for the maintenance of the Company's accounts and for the appraisal of client proposals. To qualify, he would need to be a Chartered Accountant/ MBA (Finance) in the age group of 30-35 years. Of about ten years varied-but relevant-experience which he would have gained in reputed leasing/merchant-banking companies, at least 2-3 years' should have been in a managerial position. A thorough working knowledge of the rules and regulations applying to the client's business is essential.

MANAGER (Marketing)

This position reports to the Managing Director and requires a qualified Engineer with MBA (Finance) background. The selected candidate would market company's products and services, and would maintain smooth and on-going relationships with the existing clients through constant personal interaction; He would also be expected to provide technical support to the management – particularly in the appraisal of client proposals. At least 3-5 years of experience in marketing/client-servicing-ideally involving industrial leasing – in a similar organization is essential. The job would demand a well-groomed and self-confident individual in his early thirties.

Both the positions are Bombay-based. Apart from attractive remuneration, the jobs offer excellent growth potential, congenial atmosphere and high degree of work satisfaction to those who enjoy challenges and want to meet them.

Please apply in strict confidence within 15 days to:

D. S. Parnerkar
President
Cosmos Business Consultants
206/8, Cadell Road, Mahim,
Bombay 400 016
Phone: 46 7734

Leaders in the field of water-proofing, pipe-coating, floor-topping/road surfacing for over 50 years, STP Limited is a multi-business, multi-unit, professionally managed company with an all-India manufacturing and marketing network with several new projects in the pipe-line. Looking ahead to become leaders in other innovative building material and construction activities. For our fast expanding activities we need high-calibre professionals:

1. MARKETING MANAGER

Rs. 70,000 + perks

Candidate should be a Graduate in Civil/Chemical Engineering, preferably with post-graduate qualifications in Business Management. The incumbent will be responsible for planning and implementing marketing activities in the southern zone which include achievement of agreed sales targets, market intelligence and research, collection of receivables, branch administration, etc. 7-10 years' relevant experience is essential. Position in the metro cities for growth and reorganisation.

Preferred age around 35 years.

2. BUSINESS MANAGER—WATER-PROOFING
3. BUSINESS MANAGER—DAMP-PROOFING

Calcutta

Rs. 60,000 + perks

Candidates should be Graduates in Civil/Chemical Engineering, preferably with post-graduate qualifications in Business Management. Minimum 5 years' sales and marketing experience in construction related products and services essential. Exposure to planning and supervision of civil construction, RCC work and handling major damp-proofing/water-proofing projects desirable. Major tasks involve analysing market trends, identifying potential growth areas, interacting with consultants, project authorities and government agencies, mobilising internal resources/other centralised services to meet targets.

Preferred age around 30 years.

4. BUSINESS MANAGER—PIPE-COATING

New Delhi

Rs. 60,000 + perks

Candidate should be a Graduate in Civil/Chemical/Mechanical Engineering preferably with post-graduate qualifications in Business Management. Minimum 5 years' sales and marketing experience in construction related products and systems, preferably in pipe-coating work essential. The job entails market analysis of the pipe-coating industry with particular reference to company's position in this business and identifying growth potential. Key tasks will be negotiating with national/international agencies in setting up new pipe-coating facilities, arranging registrations with major companies and consultants for mechanised pipe-coating work, generating enquiries, estimation and order-procurement including client liaison.

Preferred age around 30 years.

Positions carry excellent perks besides salary. High performers would have rewarding career prospects. Compensation will not be a limiting factor for deserving candidates.

Please apply within 7 days with complete details, mentioning job title on the envelope to:

General Manager—Personnel,
STP Limited, 8 Camac Street,
Calcutta 700 017.

STP/P/118/2116

Blue Star is a multi-divisional manufacturing, contracting and marketing company with an annual turnover exceeding Rs 150 crores. We require for our Electronics Operations the following Materials Management professionals:

MATERIALS MANAGER

Gandhinagar (Gujarat)

Job: Materials planning, purchasing, vendor development, storekeeping and inventory control, materials handling & transportation, scrap & surplus disposal, cost reduction through Value Engineering and imports. Should possess excellent negotiation skills and knowledge of computerised Materials Management.

Requirements: Electronics/Electrical Engineer with specialisation in Electronics, having 6-8 years' experience in the Materials Operations of a computer and/or communications equipment manufacturing company. Knowledge of import and export procedures, good communication and human relations skills are essential. Graduate Diploma in Materials Management (GDMM) from the Indian Institute of Materials Management/MBAs preferred.

MANAGER-MATERIALS & COMMERCIAL

International Division, Bombay

Job: Coordination with International Marketing & Projects personnel, procurement, sourcing & vendor development for merchant exports, arranging export shipments, dealing with government agencies concerned with exports and commercial functions.

Requirements: Degree in Mechanical/Electrical/Electronics Engineering with 6-8 years of experience in handling materials management operations, preferably related to exports, in a large company, knowledge of import-export policy and procedures, customs, RBI, export inspection formalities, good communications and negotiation skills. Diploma in international trade preferred.

ASSISTANT MATERIALS MANAGER VENDOR DEVELOPMENT

Bombay/Gandhinagar (Gujarat)

Job: To aggressively develop sources for both indigenous and imported materials, coordinate with R & D, production and marketing to ensure quality and cost effectiveness.

Requirements: Degree/Diploma in Electronics with 3-5 years' experience in sourcing for electronic components and products in India and abroad. GDMM from the Indian Institute of Materials Management preferred.

Remuneration for the above posts: Will be commensurate with qualifications and experience.

Kindly apply within 10 days with details of education, experience and present remuneration to the Assistant Manager-Personnel, BLUE STAR LIMITED, Shiva-e-Numh, 205 Dr Annie Besant Road, Worli, Bombay 400 018, superscribing the envelope with the post applied for.

BLUE STAR

A leading Group in the service sector with an outlay of over Rs. 75 crores is diversifying into the leisure and amusement industry, introducing a concept that has been very successful in the United States, Western Europe and the Far East. It has, as its associates, some of the leading firms in the field in the U.S. and Europe. The Company proposes to launch this exciting concept in India and the neighbouring countries. We requirea

HIGH PROFILE MARKETING MANAGER stationed at Hyderabad, reporting to the Managing Director.

The job involves conceptualising marketing strategy, product launch and all related marketing and sales activities.

The Company is looking for a highly result-oriented professional with an M.B.A. degree from a premier institute with at least 7 years experience in marketing, of which, a minimum of 2 to 3 years should relate to successfully marketing new product concepts involving building of high consumer awareness.

Remuneration will not be a limiting factor for the right candidate.

Persons with an excellent track record only need apply within 10 days with detailed resume and photograph to:

Box No.
AA/320/CK/1
Business India
Wadia Building
17/19 Dalal Street
Fort, Bombay-400 001.

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Some of the most successful business is child's play.

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EXCELLENT COMPENSATION + PERKS

A professionally managed multi-location, multi-product engineering company having turnover in excess of Rs. 1000 crores wishes to recruit middle rung personnel for a wide spectrum of coordination work relating to Government of India. The company has a successful track record of expansion and diversification, and is a leader in most areas of its business operations.

Incumbents will be required to liaise with various departments/agencies of GOI for not only a wide range of issues relating to new projects/industrial and import licensing matters, but also for follow-up of business emanating from public sector units/national projects.

Applicants should be -

- Graduate Engineers from well-known Institutes/Universities

or

- Science/arts graduates with adequate commercial experience.

Exposure to policy and procedure relating to industrial and import licensing, and familiarity with Ministries of Industry/Finance, DGTD, CCI&E , MMTC, etc. is a key requirement.

Preferred Age : 25 to 30 years.

Apart from salary, which is negotiable, the company offers a compensation package which compares favourably with the best in industry.

Please apply **within 10 days** to :–

POST BOX 7025
NEW DELHI 110 002.

What it means to be a TATA ELXSI professional.

Being 'totally satisfied' is what it means. Being a TATA ELXSI achiever, an integral part of a team geared to get results.
What's so special about TATA ELXSI?
A 'Solutions' driven computer company, ***TATA ELXSI (INDIA) LTD.,*** *is part of the TATA Group, offering total solutions to clients as system integrators. TATA ELXSI is all about knowing just what the client is looking for and offering the right computing solutions – be it hardware, software, applications, networking and communications.*
These cost-effective solutions are built around the finest technologies, with the help of in-house research and development and engineering talent. One of the marvels of this is the ELXSI System 6400, a high-performance, modularly expandable 64-bit multi-processor system. Its versatility has already been proved to leading government, public and private sector organisations in India. This system is to be manufactured at a most modern facility in Bangalore. Presently, openings exist in Delhi, Bangalore and Bombay.
The future in computing lies in the solutions TATA ELXSI is bringing into India. And we are reaching for the top spot with the sharpest brains ticking for us.

Sales Manager

Job Objective : *To maximise product sales through effective development and implementation of sales programmes and policies.*
Job Function : *As Sales Manager, the incumbent will lead and motivate a professional sales force. In addition, the incumbent will work towards developing key accounts and maintaining a growing business relationship with them.*
Qualifications & Experience : *Applicant should ideally be an Engineer – MBA with 8-10 years' relevant experience. The candidate should combine incisive conceptual and strong managerial skills to achieve target oriented performance levels in terms of market share, customer satisfaction and growth. Should be able to lead a team of young sales professionals for achieving organisational goals.*

Industry Sales Manager/Account Manager

Job Objective : *To provide an integrated focus to various industry segments viz. government, defence, banking, manufacturing on a national basis aimed at channelising resources to maximise sales, market share, and profits from the segment.*
Job Function : *Should have good relations with influencers/ opinion leaders in the industry to co-ordinate sales effort for the industry segment on a national basis.*
Qualifications & Experience : *Applicant should be an Engineer – MBA with 5-7 years' experience. The candidate should have handled large system sales, and possess the ability to achieve results through people. Must provide a thrust to the company's plans for the industry.*

Regional Manager

Job Objective : *The primary objective is to maximise sales within the branch/region, within the framework of established sales policies and sales programmes, and the limitations of the sales budget.*
Job Function : *Incumbent will be responsible for effective strategy implementation to achieve market share earmarked for the region and supervision of the sales team. The candidate will also be in charge of branch administration and profitability.*
Qualifications & Experience : *Applicant should be an Engineer or an Engineer – MBA with 5-7 years' relevant experience in the computer industry. Exposure to supermini/large systems will be a definite advantage. Must have experience in managing a team of sales and support personnel and a branch/region as a profit centre.*

Product Manager

Job Objective : *To create product strategies and plans, see to their implementation, monitor results and take corrective action when necessary.*
Job Function : *The incumbent will be responsible for the achievement of market share and profit objectives for the product. Work entails new product launches, development of a growth and competitive strategy for the product and effective budgeting.*
Qualifications & Experience : *Applicant should be an Engineer – MBA with 5-7 years' experience. The candidate should have the ability to initiate and bring product related activities to fruition. Will have to closely interact with the functional departments. Should have a clear understanding of technology and markets with relation to the computer industry and provide thrust to product growth plans. Exposure to computers in day to day work is desirable.*

Manager-Customer Engineering

Job Objective : *To maximise customer care, service and satisfaction and manage the department as a profit centre.*
Job Function : *The incumbent will formulate customer engineering (customer-care, service, satisfaction) policies and parameters. The candidate will lead and motivate a team of customer engineering support personnel, besides dealing with logistics and inventory management for spares.*
Qualifications & Experience : *Applicant should be an Electronic/ post-graduate Engineer with management education. Should have 8-10 years' experience, of which at least 3 to 4 years must be in managing a customer engineering operation. Good interpersonal skills, along with familiarity with current trends and needs of the market relating to customer support are necessary.*

Manager-Technical Services

Job Objective : *To formulate and implement technical service policies and manage the technical services group as a profit centre.*
Job Function : *The incumbent will be operating the technical services group as a profit centre, besides providing leadership and motivation to highly skilled system/application and software engineers. The candidate must plan, co-ordinate and manage system and manpower resources for bench-marking demonstrations, application development, and play an active support role in identifying and evaluating vertical applications software.*
Qualifications & Experience : *Applicant should be an Engineering/ Computer Science graduate/post-graduate, with management education. The candidate would also have 10-12 years' experience in the computer industry, with at least 3-4 years at the managerial level. Strong technical, managerial and interpersonal skills are needed, with experience in managing large/supermini computing resources.*

Manager - Education Services

Job Objective : *To develop internal training resources and be responsible for all end-user customer training on a profit centre basis.*
Job Function : *Incumbent will identify training needs of customers, design suitable training courses and implement them using innovative training aids.*
Qualifications & Experience : *Applicant should be an Engineering graduate/post-graduate in Computer Science, with 7-10 years' experience. Must have the ability to use new instructional concepts and techniques, and be familiar with hardware and software. Knowledge of operating systems, DBMS, etc., and familiarity with large system environments are necessary.*

Please send your resumè with complete details to :
The General Manager (Sales and Marketing),
TATA ELXSI (INDIA) LTD.,
G-4, First Floor, Anupama Building,
Hauz Khas Market, New Delhi 110 016.

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E L X S I
(INDIA) LIMITED

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MAX

MAX INDIA LIMITED is a pioneer and leading manufacturer of down stream semi-synthetic penicillin products, 6-APA and 7-ADCA, used in the manufacture of vital life saving antibiotics. For these products, the company enjoys a premier position among world class manufacturers. As a part of its expansion and diversification programme, the company has identified Electronics, Fermentation and Packaging as new areas.

In the Electronics area the company has positioned itself in basic electronics starting with high-tech electronic materials. The company through its associates, already markets state-of-the-art equipment, components and materials for the Electronics Industry.

The company has now entered into a collaboration with **Schering AG, West Germany**, a top ranking manufacturer of PCB plating chemistry.

The company requires :

Manager — Technical Services (PCB Chemistry) -Delhi

Responsibilities

- Focal point for technical services for PCB chemistry project.
- Providing technical support to customers.
- Conducting field trials and providing cost efficient solutions in PCB chemistry.
- Close interaction with Collaborator on all technical aspects.
- Guiding the activity in further technical development vis-a-vis international standards.
- Preparing technical literature/handouts of products/process.

Requirements :

- M.Sc. in Applied Chemistry/BE/B.Tech.
- 8 to 10 years experience in general metal or PCB plating chemistry, preferably in production/analytical testing areas.

Manager — Development (Electronic Materials) -Delhi

Responsibilities

- Conceptualise and develop electronic materials projects.
- Identification and shortlisting of Electronic Materials.
- Project planning for these materials including identification of foreign collaborators.
- Negotiations for transfer of knowhow, etc.

Requirements :

- Electronics Engineer with an MBA from a reputed Institute.
- 8 to 10 years of experience in Electronic Industry, preferably in components manufacturing.

These are critical positions in the company's strategy for entering into electronic materials and compensation shall not be a constraint for the deserving candidates.

Please apply in confidence to :

Manager — Personnel (Electronics Group),
MAX INDIA LIMITED
Devika Tower, 6 Nehru Place,
New Delhi 110019

asian-103

:IMMCO LIMITED

VICE PRESIDENT

IUMAN RESOURCE DEVELOPMENT)

e wish to appoint a senior, experi-
nced & self-motivated executive to
ke charge of this newly created as-
gnment covering nearly 2400 em-
oyees of both the Textile Machinery &
teel Foundry Divisions at Birlanagar,
walior (M.P.).

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uitment, training, appraisal career
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nits to meet the exacting future chal-
enges of fast changing and highly
ompetitive environment. The em-
hasis would have to be on reorienta-
on of the work ethos towards quality
roduction with much higher produc-
vity levels while maintaining harmo-
ious industrial relations and creating
dedicated workforce.

person with a proven track record in
is sphere and in the age group 40-45
ould be preferred. Emoluments &
erquisites would be no bar for the
ght person.

lease apply with full details within 15
ays to:—

CHIEF EXECUTIVE PRESIDENT,
CIMMCO LIMITED,
P.O. BIRLANAGAR,
GWALIOR - 474 004 (M.P.).

MediaMate, Kerala, is looking for an ad man who can say NO to Lintas, HTA & O & M

Your reasons could be anything. You hate Bombay. You're sick of Delhi or allergic to Bangalore .....
The point is that they want you but you've got vision enough to look beyond the big agency glitter. To see the opportunities inherent in the challenge of nurturing growth.

And the challenges are many.

As General Manager of the company, you will shoulder the responsibility of guiding a young accredited ad agency to national stature. You will play the role of a pioneer. Seeking and creating new avenues of growth both within the state and beyond. Together with the Chief Executive you will oversee the administration of existing infrastructure and formulate strategies for the future.

If you have the relevant experience and the relevant vision to see the opportunities here write us a detailed letter.

While your salary will be around Rs. 5,000 plus perks, we'd prefer to work out the details of your package in person. You will be based in Trivandrum, but be prepared to travel.

Address your correspondence to: R REGHUNATH, Chief Executive

MEDIA MATE

MediaMate Communications, PB No. 6104,
Jawahar Nagar, Trivandrum-695 041

Alembic

requires

EXECUTIVE ASSISTANT TO MANAGING DIRECTOR

The Executive Assistant will assist Managing Director and his Office in developing, compiling, and analysing information flowing into MD's Office, collating, presentation of essential information, scanning economic intelligence, and assisting in preparing briefs of various proposals etc. Applicants should be MBA's or CA's in the age group of 30 - 35 with an excellent academic record and experience of working at similar position in reputed large Organisation. A good appreciation of financial concepts is a prerequisite. This is a senior level assignment with good prospects of career growth.

MANAGER - H R D

The incumbent will be responsible for human resource management, selection and placement, identification of training inputs and OD activities relevant to fast - changing technological environment, performance appraisal, counselling, career planning, and development of special programmes. The candidate should be an MBA or a post graduate in personnel management or behavioural sciences, with at least 5 years' experience in HRD at a senior level in a large Organisation. He must have desire to put into practice innovating concepts in HRD and an ability to interact with senior and qualified professionals.

The remuneration package has been designed to attract the best talent available. Applications furnishing complete details of qualifications, experience, age and present salary should be forwarded within ten days, to :

DIRECTOR
(PERSONNEL & INDUSTRIAL RELATIONS),

ALEMBIC CHEMICAL WORKS
COMPANY LTD.,
ALEMBIC ROAD, BARODA - 390 003.

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CORPORATE SERVICES PERSONNEL

BOMBAY **ATTRACTIVE TERMS**

Our client is a professionally managed group with multi-plant and multi-product operations, involved in MANUFACTURING & SERVICE sector businesses. The current group turnover is around Rs.100 crores and is expected to reach Rs.300 crores in the next 3 years, on completion of the on-going projects. We have been retained to select two Executive Assts. who would be reporting to the M.D. as part of Corporate Services Group.

EXECUTIVE ASST. - MARKETING

He will assist in strategy formulation & implementation, new product identification, product launches, sales performance review, etc. Candidates should be graduates in Science/Engineering with MBA in Marketing from IIMs or reputed institutes and must have 2/3 years experience in marketing/marketing services function with reputed companies. Age Group : 26-28. Code : EAM/BOM/1152.

EXECUTIVE ASST. - FINANCE

He will assist in monitoring funds management, investment decisions, tax planning, co-ordination with banks/financial institutions, etc. Candidates should be CAs/CFAs/MBAs with specialisation in Finance and must have 2/3 years relevant experience with reputed companies. Age Group : 26-28. Code : CAF/BOM/1154.

For both these positions, candidates should have strong analytical ability and excellent communication & presentation capabilities. It is envisaged that the executives would assume middle management line responsibilities in three years.

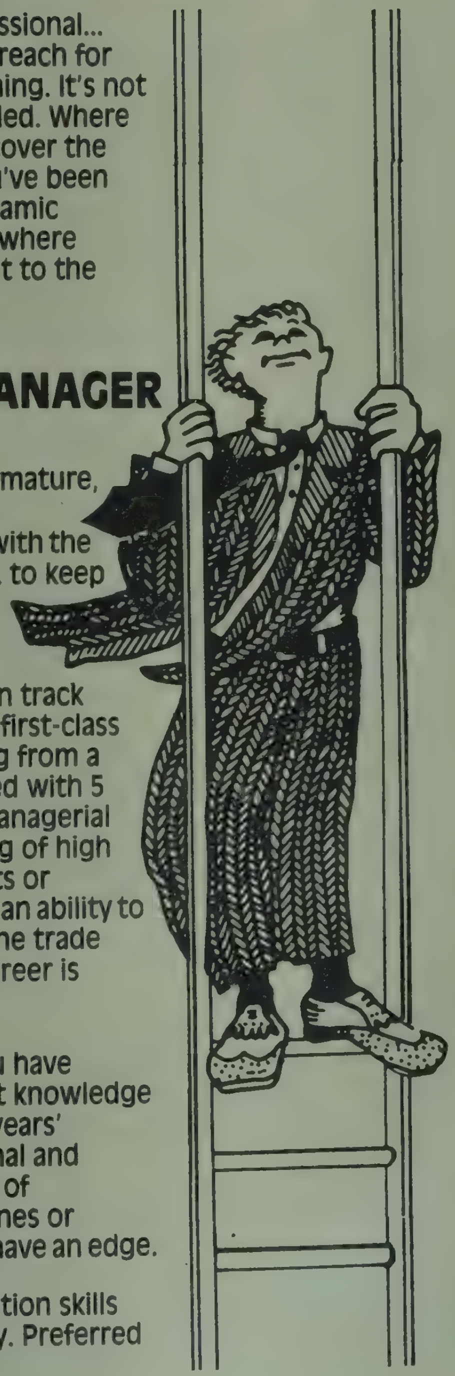
Write in strict confidence within 10 days, to **Mr. A. SRINIVASAN, GENERAL MANAGER,** citing relevant code nos.

(Personnel Selection Division)
ABC CONSULTANTS
303, Embassy Centre, Nariman Point, Bombay-400 021.

Corporate Consultancy • SWOT Analysis • Materials Management • Market

Computer Consultancy • OR

Has Your Corporate Ladder Run Out of Rungs ?



You're a dedicated professional... striving for the top. You reach for the next rung and... nothing. It's not there! Your career is stalled. Where can you go? D.G.D.C. Discover the career opportunities you've been looking for. Join this dynamic nationwide Corporation where you'll find there's no limit to the success you can achieve.

MARKETING MANAGER

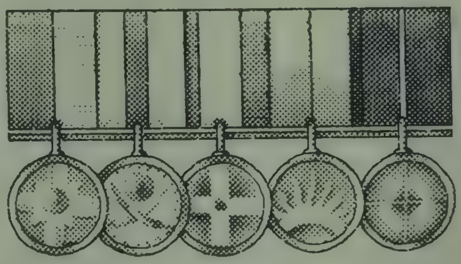
- We're looking for a mature, talented and motivated marketing professional with the all-out drive to succeed... to keep pace with our rapidly expanding Corporation.
- If you have a proven track record which includes a first-class MBA degree in Marketing from a reputed Institute coupled with 5 years' experience in a managerial position in the marketing of high value consumer products or consumer durables with an ability to understand the gemstone trade dynamics, an exciting career is waiting for you.
- Alternatively, if you have sound technical product knowledge coupled with at least 5 years' experience in the national and international marketing of diamonds, coloured stones or synthetic stones, you'll have an edge.
- Strong communication skills are absolutely necessary. Preferred age 35 to 40 years.

We offer an excellent comprehensive compensation package.

If you have what it takes and want to be associated with a winning team, then send your confidential resume to:

The Personnel Department
Diamond & Gem Development Corporation
142 Atlanta, Nariman Point, Bombay 400 021.

This job demands that you think like a General. Plan like a Colonel. Operate like an M.B.A.



As Project Manager of PCS you'll be responsible for identifying growth opportunities for the company's long-term growth.

This involves, among other matters, identifying viable projects, evaluation, planning and successful implementation of selected projects.

You'll really have your hands full. The PCS long-term strategy involves diversifying into dynamic fields like chemicals, plastics etc. With growth potential in India. And abroad.

If you're around 35, a B.E. (Chem.) graduate, preferably M.B.A. with at least 8 years in Project Management, we'll expect you've had at least 2-3 years experience in implementing large projects.

That's good enough. Send in your career details within 10 days. Military honours optional.

Résumé with envelope superscribed 'Project Manager' should be sent to:

The Director
PCS Data Products Ltd.
303/304 Regent Chambers
Nariman Point
Bombay 400 021.

PCS

CLARION/B/PCS/54/222

DARSHAK LIMITED

(COMMERCIAL DIVISION)
BARODA - 390 003

require

MARKETING EXECUTIVE (INDUSTRIAL PRODUCTS)

HEAD QUARTER: BARODA

ATTRACTIVE TERMS & ACCOMMODATION

We are marketing well known 'YERA' brand consumer glassware and quality glass bottles manufactured by Alembic Glass Industries Limited. To implement our sales strategies and long term growth plans in industrial selling, we require competent and result oriented executive, responsible for achievement of sales targets with industrial clients all over India, active market development, gathering market intelligence and motivating field sales personnel keeping the competitive environment in mind.

The candidate should possess Post Graduate qualification in Marketing Management, with 3 years relevant experience of selling industrial products, preferably packaging materials. Preferred age around 28-30 years.

The position offers attractive salary and liberal perks. The selected candidate will be required to sign an agreement to serve the Company at least for a period of three years.

Applications giving particulars of qualification, experience, age, present salary etc., be sent within one week from the date of publication to:

DIRECTOR
(PERSONNEL & INDUSTRIAL RELATIONS),
PERSONNEL DIVISION.
DARSHAK LIMITED
NEW ADMINISTRATIVE BUILDING, ALEMBIC ROAD,
BARODA-390 003

JAISONS DL 390

SPIC

SPIC GROUP CORPORATE PLANNING AND SERVICES

SPIC is ranked among the top-notch corporate bodies in the country, having a multi-crore turnover, with ambitious growth plans through many-pronged diversification into project consultancy, shipping, chemicals, petrochemicals, detergents and electronics.

We are looking for an additional Member in our Group Corporate Planning Cell with Market Research background.

The Job : Deep personal involvement in market assessment studies, market feasibility analysis, etc. and identifying business opportunities for future growth based on market trends in industrial/consumer products. The output from such studies should be adequate for covering, in a sensible, logical, meaningful and scientific manner, the chapter on marketing in any feasibility report.

The Person: Should be an engineer with a business management degree from one of the IIMs, having an in-depth understanding of qualitative and quantitative Market Research, with about five years of relevant experience in Corporate Sector/Financial Institutions/Market Research Organisations, etc.

Age : Around thirty years.

Emoluments: Attractive compensation package, commensurate with qualification and experience.

Candidates strictly fulfilling the requirements only need apply within 15 days, superscribing the envelope the post applied for, together with photostat copies of certificates in proof of age, qualification and experience to :

General Manager (Admn. & Pers.),
Southern Petrochemical Industries
Corporation Limited,
97, Mount Road, Guindy,
Madras 600 032.

ABC's major specialisations include Corporate Consultancy • O & M • Technology Transfer • Project Reports • Materials Management • Computer Software Packages • Data Processing • SWOT Analysis • Systems & Procedure • MIS

CHIEF EXECUTIVE - OPERATIONS

Building & Construction Materials

Calcutta **Rs 4 Lakhs (Gross)**

Our clients are a multi-business, multi-unit, professionally managed company with strong manufacturing & marketing base. Annual sales turnover is targetted to reach Rs 100 Crores in the next 2/3 years.

He will head a major product division with sales turnover of over Rs 30 Crores and will have total **profit centre responsibility.** Key result areas will be (a) **Marketing** (b) Commercial Management (c) General Management. Must be a **strong Task Master** with proven track record in a similar assignment. Age Group 35-45. **High Performers** would have excellent career prospects. Please write to **B P Agrawal, Chairman** and mark the envelope & enclosures with job title & code CEO/BPA/ 3002. Contact telephone numbers must be mentioned in the detailed bio-data and all communication should be made through Courier Letter/Speed Post.

ABC CONSULTANTS PRIVATE LIMITED
43/3, Hazra Road, Calcutta 700 019 ; Phone 754947

OVERSEAS ASSIGNMENT
RESIDENT DIRECTOR
(MIDDLE EAST)

We are a Multiproduct Trading Company with diversified internatonal trade activities. We export a wide variety of Engineering Goods, Drugs, Pharmaceuticals, Construction Machinery and Materials, Projects and Technical Services, Agricultural Commodities, Chemicals, Textiles, Leather Products etc., and are also active in offshore trading.

We have presently offices overseas and plan to establish a new office in the Middle East. We plan to develop a regular cadre for manning our overseas offices.

The position calls for assuming total responsibility for marketing and for achievement of required results in the country of posting. Dynamic and highly motivated performance would be required.

The candidate should be well qualified with proven experience of 8-10 years in international business. Previous experience of foreign posting with Indian Companies and knowledge of Arabic would be preferred.

Remuneration would not be a limiting factor. An excellent remuneration package would be offered.

Please apply within 10 days giving full resume, present assignment with salary drawn and a recent passport size photograph, giving position reference on the envelope to :

The Managing Director
Post Box No. 3523
New Delhi-110 024

GENERAL MANAGER

Near DELHI **ES : 6691**

Our client is an established company in the chemical industry and part of a well known Indian group. The company is setting up a high-tech rubber chemicals project with Japanese collaboration in one of its existing plants near Delhi with a project outlay of Rs. 30 cr. having a gestation period of around 2 years. The company wishes to recruit a **General Manager.**

The incumbent will have overall responsibility for project implementation within cost and time parameters and will thereafter assume total charge of plant operations.

The ideal candidate, in the age group 35-45 years will be a Chemical Engineer having independently handled projects of Rs. 15-20 cr. and with experience in dealing with foreign collaborators.

Salary and perks will be commensurate with seniority of the position.

Please apply in strict confidence within 10 days to :

S.B. Billimoria & Co.
Post Box No. 4325
New Delhi-110 019

superscribing the code no. on the envelope and resume.

GENERAL SALES MANAGER

Bombay

Excellent package, includes housing

The client is a significant consumer products company within a major industrial group. The group is managed by professionals, is fast expanding and very profitable. Group activities are well diversified and technology driven. The group has a strong presence in the engineering sector, consumer products and chemicals.

Our client company is a market leader in its range of products. The present turnover is in excess of Rs.50 crores and rapid business growth is anticipated. Within this scenario, the GSM position has key responsibility and functional thrust in achieving penetration, volume and profit. Aspects of team building, training and overall leadership are essential to the job.

Candidates would have operated at a senior level in the sales function of a well run medium sized company. A consumer product orientation is essential. Having operated in a competitive market with good results would be an important selection criteria in addition to strong personality traits and professional maturity. Career growth prospects within the group are excellent. Age: 35 +.

Please apply in strict confidence within 10 days to:

A. F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref. MS/5515"

GENERAL MANAGER — PROJECTS

(MS/4377)

MADRAS **ATTRACTIVE EMOLUMENTS**

A reputed medium sized professionally managed NRI Group in joint venture with a government undertaking is planning to set up a Mining related project. They would like to recruit a General Manager – Projects.

The General Manager is expected to set up, head the operations and build it into a substantial and profitable venture in a short period of time. He will have to deal with government and semi-government bodies, financial institutions and professional consultants. He should be an excellent team leader and capable of getting things done through his own initiative on a time-bound schedule.

The incumbent should have atleast 10 to 12 years experience in handling projects related to mining activities. He should be an Engineer/Geologist preferably with an MBA. Desirable age: 35 to 40 years.

The job offers excellent career opportunities and further growth exists not only in India but also internationally. Emoluments and benefits will not be a constraint for the right candidate.

Please apply in strict confidence within 7 days to:

A.F. Ferguson Associates
Post Bag No. 1261
Madras – 600 034.

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref: MS/4377".

CHAMPAKLAL INVESTMENT & FINANCIAL CONSULTANCY LTD.

REQUIRES

EXECUTIVE ASSISTANT TO CHAIRMAN

Age - 27-30 years

Attractive Compensation Package

We are a reputed group engaged in Non-Banking Financial Services, Stock Broking, Manufacturing, Exports, Travels, Printing & Publishing and Real Estate Development.

The role of the Executive Assistant shall be co-ordination of the flow and analysis of MIS, follow up of operational directions, assisting the Chairman in preparation of background notes for meetings and discussions, besides dealing with correspondence independently.

The post holds opportunity to get into line function areas after few years of experience as Executive Assistant.

The candidate should have a first class academic background, proficiency in English, and preferably an M.B.A.(Finance) or C.A. with 3/4 years experience in Financial Management. The incumbent should also be familiar with Computers.

Please apply within 15 days with a recent passport size photograph to :

SELECTION SERVICE
Champaklal Investment &
Financial Consultancy Ltd.,
2nd Floor, Regent Chambers,
Nariman Point, Bombay 400 021.

CIFCO

CHAMPAKLAL
INVESTMENT &
FINANCIAL
CONSULTANCY
LIMITED.

Chemfab alkalis limited

requires for its modern membrane cell plant manufacturing mercury-free caustic soda, hydrochloric acid, sodium hypochlorite, liquid chlorine, hydrogen gas and barium sulphate :

MARKETING MANAGER

Incumbent must have the ability to draw up marketing plans and meet sales targets successfully by co-ordinating and guiding a team of sales personnel in a highly competitive environment. Must be aggressive, innovative, and result oriented.

Must be a graduate with post-graduation qualifications in Marketing in the age group of 35-40 years with about 10-15 years experience in marketing similar products.

The compensation package will not be a constraint for the right candidate

Detailed resume of positions held, achievements and salary drawn and expected may be sent to :

The Manager - HRD
Chemfab Alkalis Limited
Gnanananda Place
Kalapet Pondicherry 605 104.

CAL

HOPE

After the successful launch of DOLPHIN FAMILY COMPUTERS, HOPE, promoted by Senior Computer Professionals, has identified niche markets for innovative Office Automation products — which will be ready for launch in June 1990.

AREA SALES MANAGERS

HOPE is looking for 3 bright young Engineers/MBAs to head the operations at **BOMBAY/DELHI/MADRAS.** You should ideally have 3-5 years post-qualification experience preferably with the right mix of front-line Sales and Product Management in consumer durable/industrial products. At least a year's experience in management of front-line professionals would come handy in this assignment. You would be responsible for running the operations on profit-centre basis with total accountability for Sales, Product Management, Hardware and Software Support and Branch Administration. While background in Engineering is not a necessity, a keen mind with an urge to learn is a pre-requisite.

Our compensation package is above industry standards and is designed to ensure comfortable living.

If the above sounds interesting, send in your resume to:

Sujit Baksi, Hindustan Office Products Ltd., A-54, Okhla Industrial Area, Phase II, New Delhi-110 020, for a mutually fruitful association.

Arms Bozell/03/5/90

JECHINS PHARMACEUTICALS LIMITED

A progressive and professionally managed drug formulations manufacturing Company exporting a wide range of products, is now making a major thrust into new export markets and therefore, requires the following personnel to be based at Bombay.

EXPORT MANAGER :

The incumbent should have at least five years experience in export of drug formulations, and travelled frequently abroad for export promotion. He should be conversant with import/export procedures and formalities and should be capable of identifying new potential export markets and securing sizeable export orders. Excellent salary with attractive perks including incentives.

INSTITUTIONAL MANAGER :

The incumbent will be required to promote and develop sales from Govt/Semi-Govt. Institutions and should have sound contacts for supply of drug formulations and medicines. The unit is registered under D.G.S. & D. The incumbent must have similar experience of at least ten years. Good salary plus performance linked incentives.

Please apply with complete bio-data within seven days to :

Managing Director,
Jechins Pharmaceuticals Limited,
119, Lohar Chawl, IInd Floor, Maskati Mahal, BOMBAY-400 002.

Sobhagya-JP/3/90

THE

Business India

GROUP

Business India is looking for corporate researchers/analysts for its Corporate Database, at Bombay.

Nature of job: To help build up a comprehensive database on select companies covering all aspects of their performance, status and future, by gathering and analysing relevant data from the market, the company itself, industry sources, share-market, and other secondary/published material.

Qualifications: Candidates should have graduated and have at least 2 years of relevant experience. MBAs/CAs preferred. Please address your applications (with complete bio-data and salary expected) to:

The Corporate Database Head,
Business India,
18th floor, Nirmal,
Nariman Point, Bombay 400 021.

Creating more scope for the small sector

Srikant Jena, *minister of state for small-scale, agro and rural industries secured his present portfolio in April this year. A staunch V.P. Singh loyalist, Jena belongs to the erstwhile Jan Morcha faction of the Janata Dal. He spoke to Reena Patnaik Rao of* Business India *both before and after the announcement of the new industrial policy.*

The thrust of the newly announced industrial policy is primarily on providing more opportunities and concessions to the small-scale sector. How do you explain the rationale behind this orientation?
The aim of this policy is to create more employment, and this objective represents our attempt to translate into action the promises made in our election manifesto. As you know the small-scale sector is more employment oriented, in fact there are studies to show that capital invested in this sector generates seven times more jobs than that by the large sector.

How would the broad scope of this 'thrust' be translated into specific action plans?
In trying to create more opportunities for the small-scale sector, we are trying to expand the reserved list. Presently there are 836 industries which are exclusively reserved for this sector. But we are identifying more.

Consumer goods, as far as possible, should be confined to the small, tiny and cottage industries. Large industries have played havoc in this area. Everything from salt to silk is monopolised by the large sector. We want to liberate the area of consumer goods from the large sector.

Marketing is a major problem area for small-scale units. To assist them in this area, we are thinking of setting up an organisation at the national level for this purpose. States will also be advised to set up state level marketing organisations. Tea sold at the Calcutta/Guwahati auctions for Rs.7-8 per kg is being packaged by large companies and sold at Rs.70-80 per kg. With proper marketing inputs, a consortium approach and common brand names, the small scale can also be successful.

Won't such a policy reduce competition in the domestic market?
No, it won't. The larger units can compete in the international market, while small-scale units can try to capture the domestic market. But one has to liberate the domestic market from the clutches of big companies, only then will small entrepreneurs be able to make headway. Moreover, the Small Industries Development Bank of India (SIDBI) has been set up exclusively to develop the small-scale sector, and the central subsidy scheme is being re-introduced for units being set up in rural areas.

In spite of all the concessions given in the past to small-scale units, the incidence of sickness is still high. Why is this so?
Out of 18 lakh units in India, two lakh are sick. The reasons are, lack of proper guidance at the beginning, multiplicity of small-scale units coming up in the same locality manufacturing the same product, etc. This should be discouraged, as people from rural backgrounds lack buying capacity. Plans are under way for the rehabilitation of sick units through the setting up of an organisation on the lines of the BIFR.

How will you ensure that small units acting as ancillaries to large scale units do not suffer from delayed payments?
We are going to pass legislation to prevent such situations. In case of delay in payment the banks and FIs can pay up, with the government becoming a guarantor. This way the small unit can be prevented from falling sick.

How do you plan to promote exports by small-scale units?
The small-scale sector already contributes 30 per cent of our total exports and by liberalisation of industrial policies we wish to improve this further. The commerce ministry and other concerned ministries are considering a proposal to give relaxations for hi-tech equipment, garments and other industries which have a high export potential. Technology injection in order to improve quality and compete in the world market. Quality production is a problem in the case of some small industries. We will assist them in raising this quality. Therefore this freer import of technology. We also want foreign capital for the agro processing units. This is again to create employment.

Why has the DGTD registration been abolished?
They were unnecessarily bureaucratic. We are going to simplify procedures to encourage entrepreneurs to set up small scale units. We have also set up a national standing committee to help women entrepreneurs. Statistics show that of the total number of persons employed in the khadi and village industries, 46 per cent are women and 3 per cent are from the scheduled castes and scheduled tribes.

What plans do you have for the already existing small-scale units which are doing well?
There are some small-scale units which have reached a stage where they can now be called giants. But they are still considered small scale. Well, giants are welcome as SS units only if they can ensure employment. But they are bound to go in for automation. Therefore we shall try to get new entrepreneurs into this area to go in for self-employment and create employment opportunities for others. There is vast scope for this sector in our country. Certain items required by defence can also be catered to — these would include clothing, linen, buckets. We do not see any reason why our jawans cannot be clad in khadi.

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The times of giants

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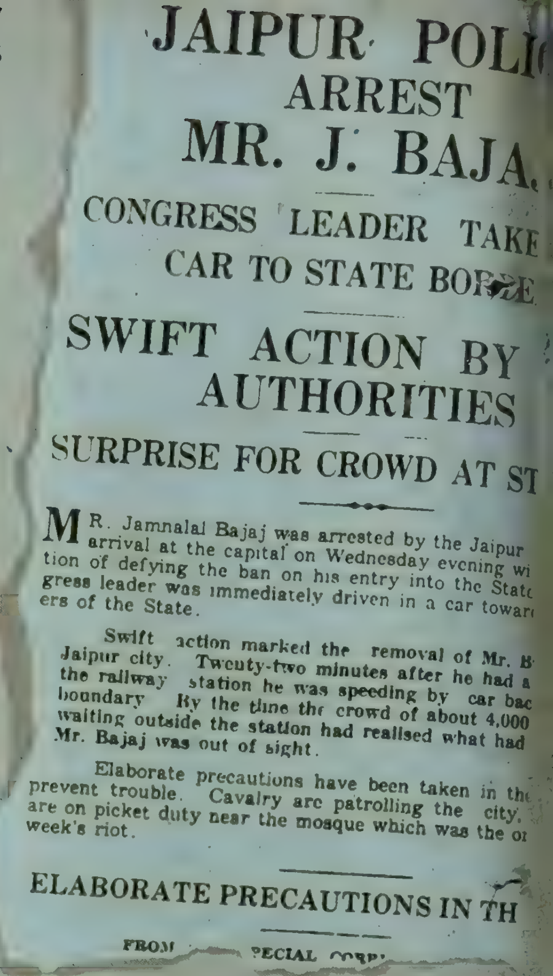
The giants who led the movement finally proved that their belief in "satyagraha" was a compelling solution to oppression; and an inspiration to all colonised countries.

August 15, 1947 saw the dawn of the independence for which these giants of men and women had sacrificed everything.

Their first goal achieved, the leaders set about the more important tasks facing a new-born, developing nation. There was still much to be done, and done quickly.

The nation had to be given a stable polity, a strong economy and a powerful industrial base to keep it from becoming a dumping ground for foreign goods.

During the freedom movement, one of those whom Mahatma Gandhi had entrusted with formidable responsibilities was Jamnalal Bajaj. A businessman who had made a mark in the highest commercial circles and earned a reputation for uncompromising integrity, while still in his twenties.



JAIPUR POLI
ARREST
MR. J. BAJA

CONGRESS LEADER TAKE
CAR TO STATE BOR

SWIFT ACTION BY
AUTHORITIES

SURPRISE FOR CROWD AT ST

MR. Jamnalal Bajaj was arrested by the Jaipur arrival at the capital on Wednesday evening wi tion of defying the ban on his entry into the Stat gress leader was immediately driven in a car towar ers of the State.

Swift action marked the removal of Mr. B Jaipur city. Twenty-two minutes after he had a the railway station he was speeding by car bac boundary By the time the crowd of about 4,000 waiting outside the station had realised what had Mr. Bajaj was out of sight.

Elaborate precautions have been taken in the prevent trouble. Cavalry are patrolling the city. are on picket duty near the mosque which was the o week's riot.

ELABORATE PRECAUTIONS IN TH

FROM PECIAL CORR

Times of India 2 February 1939

But Jamnalal had never considered his wealth an achievement in itself. This success had to be put to use for the benefit of the nation. Leaving his business affairs in the care of others, he joined Gandhiji in the freedom struggle.

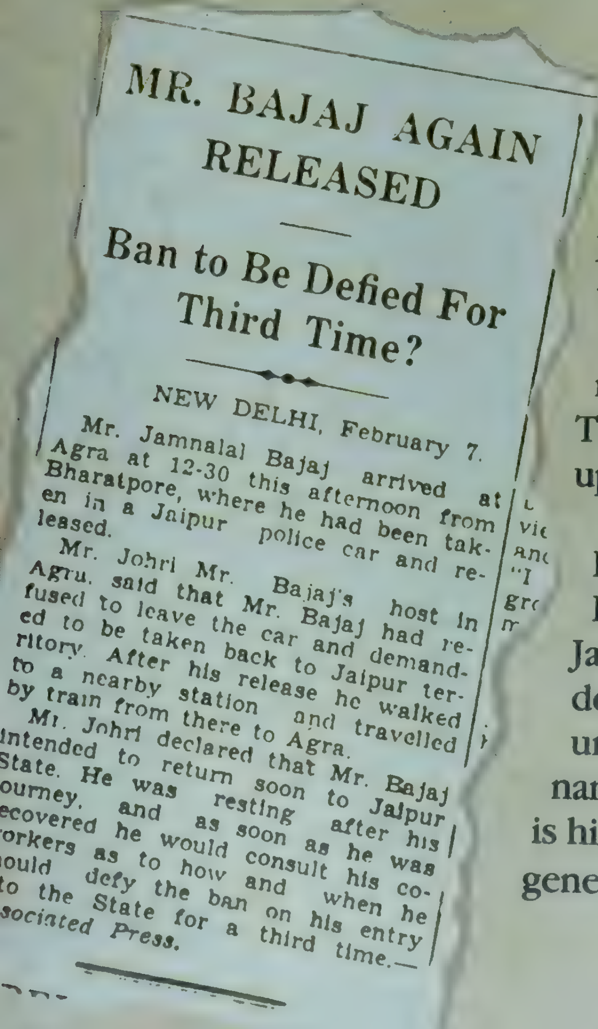
His determination and genius brought him increasingly heavier responsibilities. He was nominated as Chairman of the Reception Committee for the historic Nagpur session of the Indian National Congress in 1920, when he was just 31. Next, he was elected Treasurer of the Congress Party and a member of the Working Committee.

In April 1923, the country wanted to fly the National Flag to mark the anniversary of Jallianwalla Bagh. Gandhiji was in jail. The people looked to Jamnalal Bajaj. The honour of the flag was upheld.

In December 1923, it was decided to set up the All-India Khaddar Board. Jamnalal was appointed Chairman.

In July 1928, with the Harijan uplift movement in its infancy, Jamnalal opened the family temple in Wardha to them. A delegation called on Gandhiji to complain about Jamnalal's unrestrained support for the untouchables. Gandhiji, who had named Jamnalal Bajaj his 'fifth son', told the deputation: "The world is his family... and the future generations will thank him for it."

Times of India 8 February 1939



MR. BAJAJ AGAIN
RELEASED

Ban to Be Defied For
Third Time?

NEW DELHI, February 7.

Mr. Jamnalal Bajaj arrived at Agra at 12-30 this afternoon from Bharatpore, where he had been taken in a Jaipur police car and released.

Mr. Johri Mr. Bajaj's host in Agra, said that Mr. Bajaj had refused to leave the car and demanded to be taken back to Jaipur territory. After his release he walked to a nearby station and travelled by train from there to Agra.

Mr. Johri declared that Mr. Bajaj intended to return soon to Jaipur State. He was resting after his ourney, and as soon as he was ecovered he would consult his coorkers as to how and when he ould defy the ban on his entry to the State for a third time.—sociated Press.

bajaj auto

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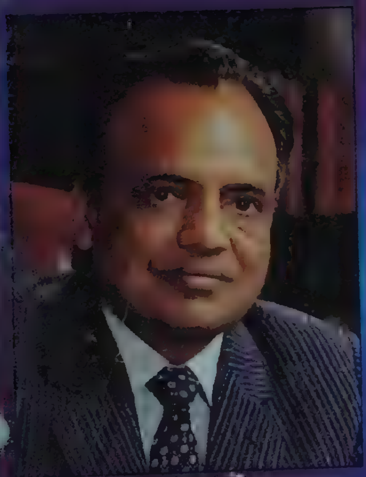
Business India

e magazine of the corporate world June 25–July 8, 1990 Rs.

Abhay Oswal



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THE NEW NORTHERN STARS

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Gulshan Kumar

INSIDE

- Wadia minors gather momentum
- Instrumentation Ltd breaks the mould
- Modi Cement: on the road to recovery
- Defence production: private sector involvement
- Pharmaceuticals:

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10 JUL 1990
C. F. T. R. I., MYSORE

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Indian exports and imports face total disruption due to the agitation by customs appraisers in Bombay

NFDC has come through the eighties with a fairly respectable showing, but has its work cut out for it in the next decade

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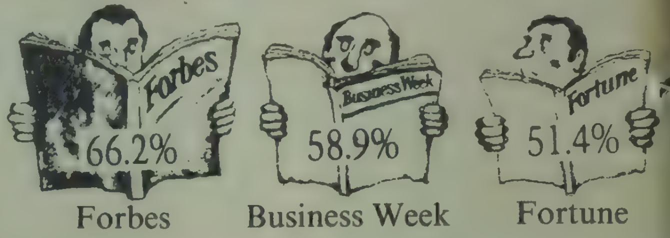

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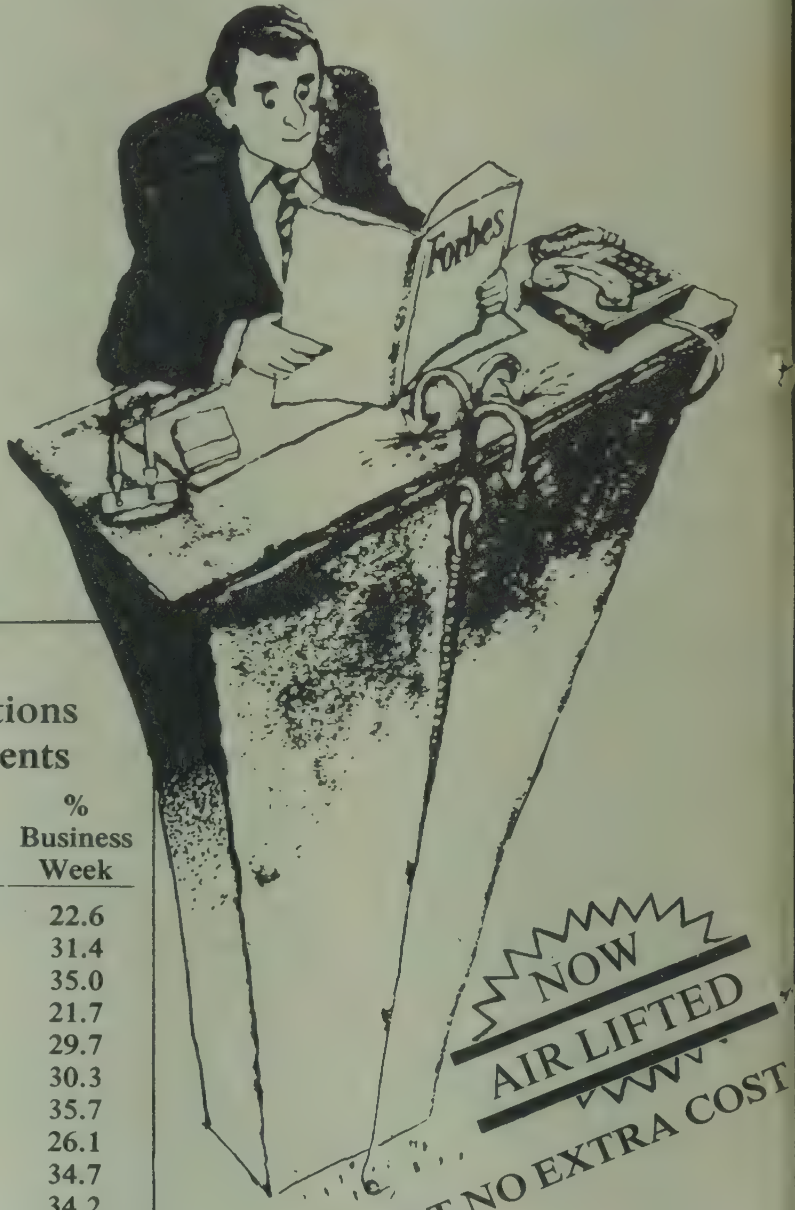

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Best reflects the excitement of business	41.5	20.6	31.4
Adds an interesting perspective to the news	38.1	20.1	35.0
Offers the best judgements and insights	43.1	28.0	21.7
I hate to miss an issue	35.8	14.4	29.7
Is the liveliest magazine	45.0	15.4	30.3
Reading it is time well spent	35.2	21.1	35.7
Is the most enjoyable	42.6	23.0	26.1
I get a lot out of it	35.6	18.8	34.7
Of the three it is my favourite	41.1	18.4	34.2

Base: 1,063 respondents.

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LETTER FROM THE PUBLISHER

As the economy opens up, it is inevitable that a whole new generation of entrepreneurs should come to the fore. By early next century those whom we haven't heard of today would have emerged as players to reckon with on the industrial scene.

There are two reasons why this should happen. It is implicit in the very nature of a free market system, which by virtue of competition ensures that the big don't necessarily remain big. There is also the fact that India with its long entrepreneurial history is particularly suited for such competition to evolve. Indeed, Indian entrepreneurs overseas do very well wherever they may be. However, in this country rules and laws have tended to curb entrepreneurial ability. While we acknowledge that the government's role must be to ensure that business is conducted in a manner conducive to the social good, within the framework of social priorities enterprise must be allowed to flourish.

The other side of the competitive coin is that failures too are inevitable and businesses can collapse. If the failure is because the promoters have siphoned off funds from the company, it is inexcusable. If it is the outcome of competitive forces, we must accept this as the cost we have to pay for a free market.

History has shown that societies which are more open have advanced technologically more rapidly. Political controls and free markets cannot co-exist. And the example of Eastern Europe bears testimony to this. Since we have committed ourselves already to the democratic system, we must take steps to encourage the entrepreneurial drive and create an environment conducive to its growth.

As our Cover Feature points out, by providing the proper infrastructure and with the green revolution, the North has progressed at a faster pace. Amartya Sen, the noted economist, recently observed that the rates of growth in Punjab have equalled those of the Far Eastern countries. More infrastructural facilities coupled with growing literacy have created the right climate for the spirit of enterprise to flourish. It is certainly within the control of the government to ensure that other parts of the country are not left behind.

Ashok H. Advani

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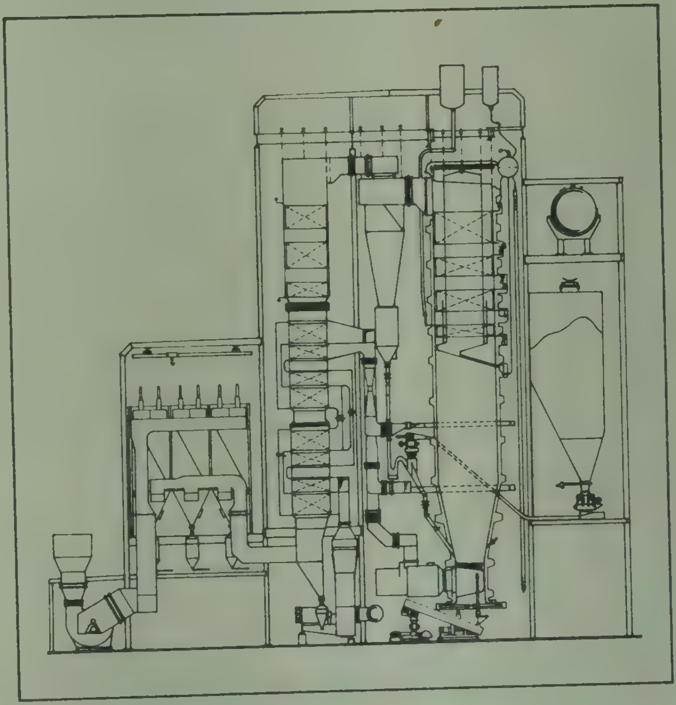

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Business India

BUSINESS vs ENVIRONMENT

Indian industry will have to start cleaning up

• Cleansing touch

Maneka Gandhi's enthusiasm may raise the hopes of the environmentalist (Environment, 28 May). But it is difficult for any single person to handle things with other political parties working at cross purposes. The fate of Chambal Fertilisers happens only once in a while.

The best way to make the government realise its faulty policies is to create an increased public awareness. What is most disheartening is that the government's own industries lead in mercilessly polluting the environment.

S. UMA
Madras

• On page 59, you have quoted me in connection with motor gasoline and lead which is not only technically incorrect, but also does not represent my views at all.

Lead is not a component in petroleum fraction and hence there is no question of diluting it by any process. Tetra ethyl lead (TEL) is a chemical specifically blended with naphtha to upgrade its octane number (ON) which in ppm levels increases the ON to meet the motor gasoline specifications. The upper limit for TEL addition in India is 0.56 mg/litre of motor gasoline. Refineries having cat cracking/reforming process, partially upgrade the ON of naphtha by this route and therefore can manage to meet the ON of motor gasoline by a lower addition of lead compared with the maximum permitted.

In BPCL, the TEL addition on an average is only about 0.1 mg/litre presently, since there are two cat crackers for secondary upgradation. If motor gasoline ON is the only consideration, TEL addition is relatively cheaper; but since this invariably is not the only consideration, cat cracking process as a secondary processing tool can be justified economically.

Indian specifications for fuels are generally the same as those existing in developing countries, but we lag behind them in terms of time and speed. Because of high costs involved, and petroleum products being perennially in deficit, we have to choose between attempting to meet the deficit vs improving the quality.

To illustrate, whereas in developed countries, most of the gasoline supplied has already become lead free, we are planning to achieve this by the turn of this century.

It is not that Indian refineries do not want to change. In fact, in their operational efficiency, modernisation, energy conservation and ENCON measures, some of them have surpassed the ones in developed countries. For any economic activity to remain viable and continuing, the bottom line equation of 'cost-benefit' has to be in the black, be it private sector or public sector.

K.R.S. NARAYAN
Director (Refineries)
BPCL
Bombay

• Business quizzes

It is indeed gratifying to note that the ITC Business Quiz in Bangalore has evoked a satisfactory response (Business Notes, 16 April). However, the mention that it was the "first time in the country" that "executives faced off against each other to prove that they were the best and brightest in the corporate world" is not true.

The All India Management Association has annual contests of this kind. The IIM, Ahmedabad, Alumni Association (Madras chapter) held a 'Corporate Quiz' on 21 January, 1990 at Madras. In this contest 23 teams took part including multinational companies, foreign and Indian banks and large Indian business houses.

CHANDU NAIR
Madras

• Breath of fresh air

The take-over of Consolidated Coffee by Tata Tea was like a breath of fresh air in the murky environment of 'corporate combat'. Shareholders of Consolidated Coffee were given the option to accept double the market value for their holding or to join the shareholder family of Tata Tea. Likewise when Tatas sold IVP, the interest of outside shareholders was scrupulously guarded.

Unlike the Tatas, the Ambanis offered no such choice when they took over L&T (Cover Feature, 1 April).

B.K. DALAL
Bombay

• Blessings from a godfather

Congratulations on your well brought out issue and story on Maruti Udyog (Cover Feature, 30 April). But you have glossed over the fact that Maruti has a godfather, in the guise of the Central government.

Telco on the other hand has been deprived of a licence to manufacture passenger cars and the excise benefits to Maruti are at the cost of Premier Automobiles Ltd. Nor has the foreign exchange of ancillaries to Maruti been considered.

ANIL L. SHETTY
Karnataka

• When one appreciates the spectacular growth of Maruti Udyog, one should not forget the concessions this people's car enjoyed all these years. When other companies like Sipani Automobiles announced the launching of its economy small car 'Montana', objections were raised about their claim.

Comments were also made on the non-refund of initial deposits. Delay in the refund is also an unhealthy trend which was not taken into account in the case of Maruti. The company collected Rs.600 crore from bookings of 240,000 applicants for the 100 cc car and returned the initial deposits without paying any interest to the non-allottees thereby earning about Rs.20 crore on the funds of the applicants.

Also just as the market share of Maruti passenger cars is 60 per cent because of its speed, what is their percentage of accidents in total road accidents? Is this not worth mentioning?

BHARATH B.N.
Mangalore

• You can't choose the boss

If a bank clerk displayed the same sort of indiscipline that the general managers of Bank of India do he would have been taken to task for insubordination (Banking, 2 April). This reminds me of a similar situation in a nationalised bank in which I worked for over three decades.

In 1975 a lady with an MSc was appointed directly as an officer while other staff members similarly qualified continued as clerks. In 1979 the managing director granted triple promotions and right now this lady is an assistant general manager in the Bombay zonal office of the bank. Branch managers working under her are not only more qualified but richer in experience. If one goes by the behaviour of GMs of Bank of India, then the branch managers at my bank are more than justified for not carrying out the orders of the lady AGM.

PESTONJEE T. KARANJIA
Bombay

• Indian middlemen

The article, 'in praise of Indian middlemen' (Column, 2 April), was a pleasure to read. It stands out at a time when our literature, media as well as politicians call traders the root of every social evil.

In the good old days, peasants were exploited by money lenders and shopkeepers. But it is unfair to consider the entire class of traders and middlemen as an avoidable evil. They are a vital link between producer and consumer, and do not make profits for nothing.

SUNAN KUPLISH
Ludhiana

Dealing with PSUs

That the finance minister has allotted 49 per cent of the shares in about 30 PSUs to the private sector to raise about Rs.10,000 crore in the next two or three years, is a good beginning (Column, 16 April).

But I would like to deal with the public sector as a whole.

i) Sick units that cannot be revived. Suggestion: the government should auction these to avoid further losses.

ii) Sick units that can be revived. Suggestion: these be offered to labour unions/private sector, with a promise of a bank loan.

iii) Concerns making not so handsome profits. Suggestion: these be offered to the private sector with majority share and control.

iv) Concerns making handsome profits. Suggestions already offered by the writer.

I.G. KHIANEY
Potomac, Maryland, USA

Strong medicine

As a marketing professional I am of the opinion that an MBBS degree is unnecessary for the job of a sales representative (Marketing, 30 April). Moreover, the job of a doctor is to diagnose and prescribe medicines and not to sell.

These who oppose, may argue that the products are highly technical and therefore require technically qualified salesmen. What I also understand as a professional is that a salesman requires techno-commercial knowledge of a product to sell and the hypothesis to recruit technical people for this purpose does not hold good.

B. RAY
Calcutta

Room for more

Maruti's success story cannot be fully appreciated as it has a monopolistic market position (Cover Feature, 30 April). Maruti, the people's car was not intended to compete with the prevailing luxury cars of Premier and Hindustan but instead to cater to the needs of the common man. The older established manufacturers should be permitted to tie up with foreign car makers. The Tatas should also be allowed to go ahead with their proposed joint venture with Honda. The government has allowed enough competition in the two-wheeler and light commercial vehicles section and it is only logical and fair to follow the same in the passenger cars section.

Our prime minister's desire to expose Indian industry to greater domestic and international competition by reducing the protective barriers and curtailing discretionary and administrative control is most welcome. We can only hope that all this will find place in the new industrial policy.

K.G. VARGHESE
Kuwait

Professional managers

I fully agree with R.D. Aga's article (Guest Column, 14 May) about the frequent fleeing behaviour of professional managers. They get the basic management training but our administrative institutions do not teach them to share responsibilities. I hope that, after reading the article, large and well known multinational organisations will consider committed managers at par with professional managers.

V.S. KUMERIA
New Delhi

- R.D. Aga's contribution on the professional manager vs the committed manager is thought provoking. It is a coincidence that Paul Samuelson wrote of the contribution of business schools to American business in *Newsweek* at about the same time.

Business schools neither train nor make managers. One of their major contributions is to screen potential employees through their teaching and grading procedures. The IAS, the old ICS, the old covenanted grades are all examples of this.

The effectiveness of the graduates depends on their retaining this culture, and, it is for the organisation to decide how to resolve this dichotomy if they require these managers.

R.P. COELHO
Bombay

- "Profile of a manager" made interesting reading. While many companies thrive only because of a few committed managers, they do not really deserve them because they do not make any efforts to retain them. The outcome is that these managers in course of time, become frustrated.

T.R. DATHATHREYAN
Baroda

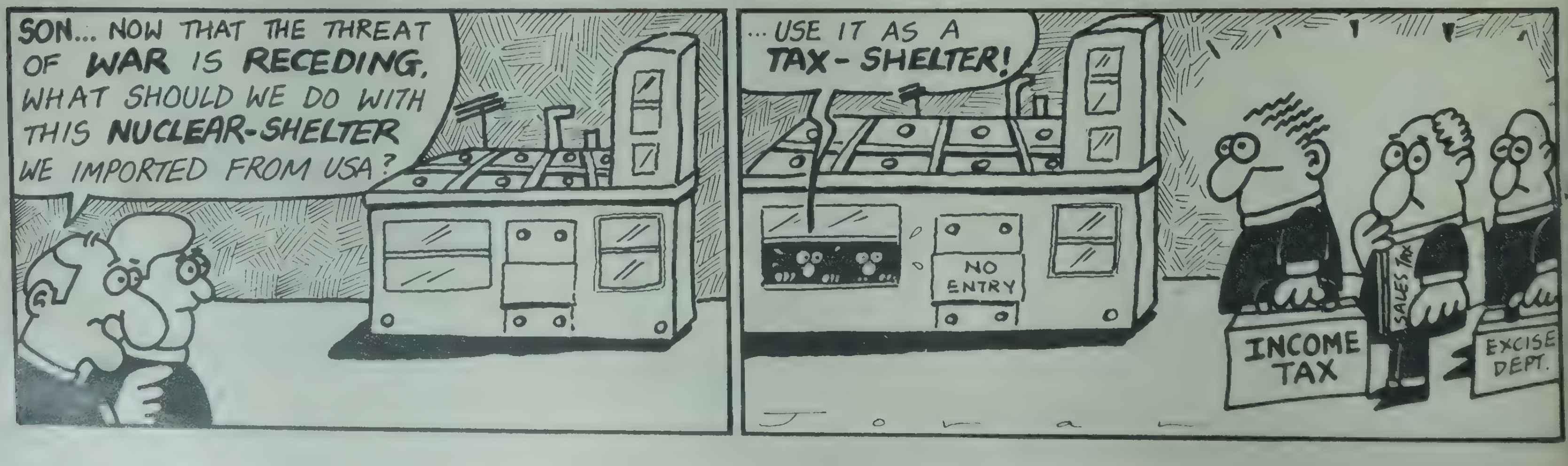
Consumers beware

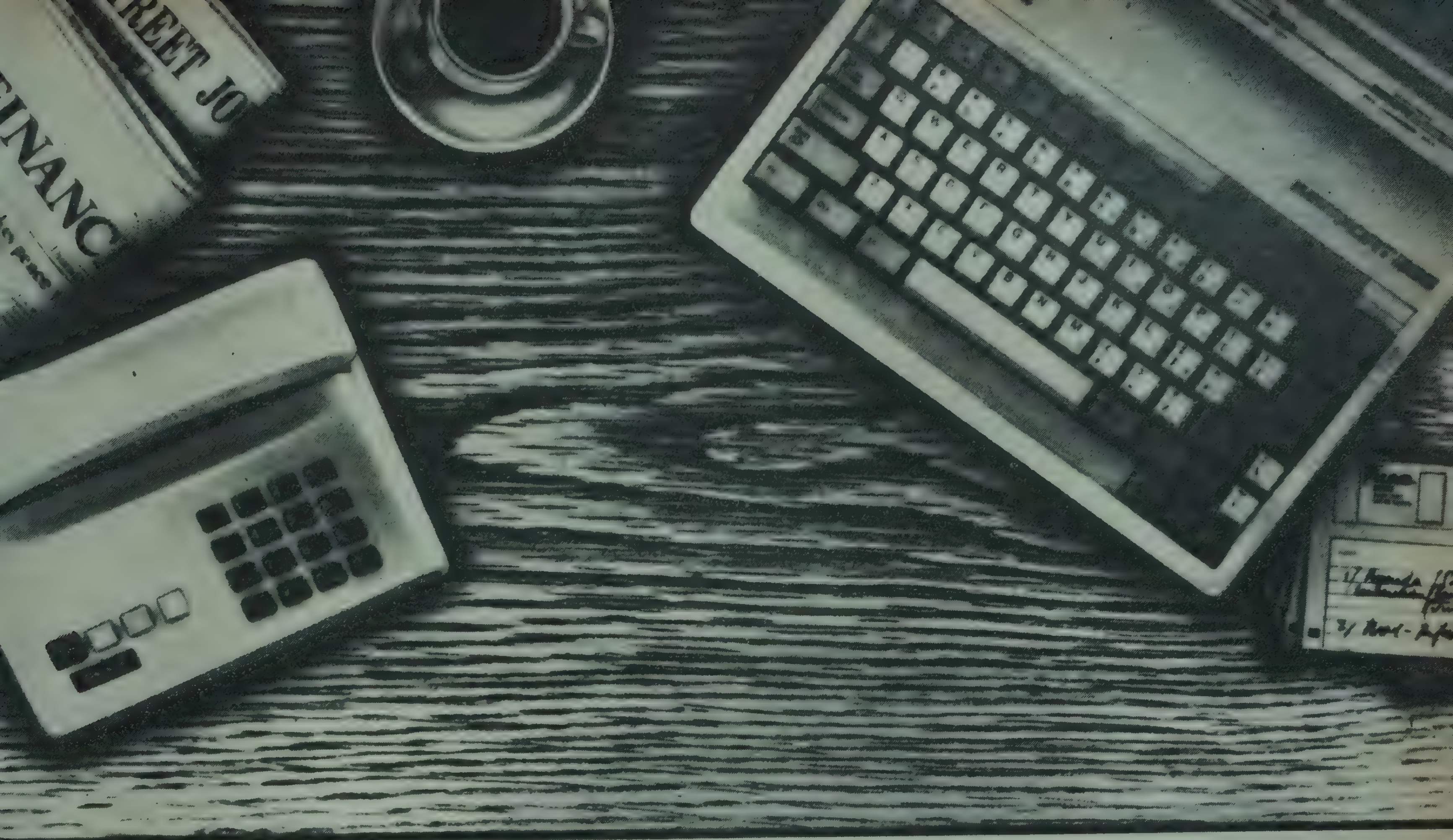
Voluntary consumer organisations like CERC, CGSI, etc are doing a wonderful job of creating consumer awareness (Consumer Page, 30 April). But it is only media that can play the most important role in educating consumers about their rights. The truth is that, today, the fundamental rights of consumers viz selection, safety, and information are infringed directly or indirectly in every deal.

SURENDRA KANSTIYA
Falna

LIKE FATHER, UNLIKE SON

by Joran


SON... NOW THAT THE THREAT OF WAR IS RECEDING, WHAT SHOULD WE DO WITH THIS NUCLEAR-SHELTER WE IMPORTED FROM USA?
...USE IT AS A TAX-SHELTER!
NO ENTRY
INCOME TAX
SALES TAX
EXCISE DEPT.
Joran



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Sugar policy: crucial questions ignored

The Centre's decision to relax the restriction on the spatial location of sugar mills deserves a cautious welcome. The industry, which is expected to produce a record 10.6 million tonnes of sugar this year (worth over Rs.7,000 crore at today's prices) should be encouraged by the policy to grow further if a few judicious changes are made.

These changes could include a withdrawal or reduction of the special benefits that co-operatives enjoy in the industry. Also, *khandsari* (cottage sugar) units should not be given the preferential treatment they currently receive at the expense of sugar units. The earlier policy required that sugar mills not be located within 40 km of each other, except under special conditions.

The new policy removes all spatial restrictions. However, state sugar commissioners have to specify that a particular area can support another mill (control by another name?). The policy also reiterates a preference for co-operative and public sector units over private units for fresh licenses; a minimum crushing capacity of 2,500 tonnes per day (against 1,750 tonnes earlier, if the unit was in a backward area); and liberal issue of licenses for the manufacture of alcohol from molasses.

The government's rationale has been that the establishment of more sugar mills will boost their sugar production while competition for raw material (sugar cane) will boost farmers' incomes. Also, growers would not be forced to sell their cane to *khandsari* and *gur* units if the existing sugar mills had sufficient crushing capacity.

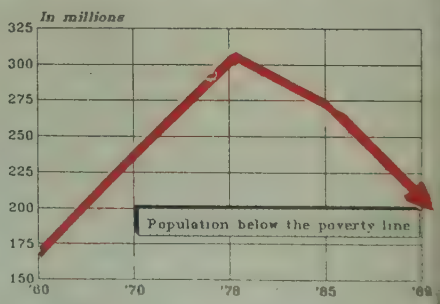
Predictably, the most vociferous criticism of the new policy has come from the sugar industry about the removal of spatial norms. It has been pointed out that a study by the Reserve Bank had suggested a 60 km spatial restriction in order to prevent sickness due to insufficient cane. The association maintains that removal of the restrictions would lead to overcapacity and consequently sickness.

There is nothing new in the sugar industry's arguments, and there lies an inherent fallacy in them in that a common per hectare productivity is presumed for the entire country. In fact it isn't so. For example, in 1988-89, the average per hectare productivity in Bihar was 43.17 tonnes while in Tamil Nadu it was 107.54 tonnes. There is little doubt that competition would force producers to modernise their plants. As the recovery of sugar determines the renumeration of growers, improved efficiency of extraction would undoubtedly benefit them. The argument that the policy would encourage mushrooming of sugar mills and create overcapacity can also be countered. New entrants would obviously consider the availability of cane before jumping in.

Unfortunately sugar co-operatives have in the past secured a range of special benefits, like subsidised credit, as a result of their special political clout, and will continue to do so. Sick and inefficient co-operatives receive special low cost loans, enabling them to limp along. The existence of such policies also prevents a true evaluation of the risk of a project. Promoters of a co-operative unit know that the cost of failure is not borne by them. The success of the policy therefore depends on the suspension or at least reduction of these unwarranted benefits.

The new policy further neglects the iniquitous treatment that the sugar industry currently receives, vis-a-vis *khandsari* producers. Though both compete for the same raw material, *khandsari* units are not subject to the levy quota system or licensing, on the grounds that they are small scale and labour intensive. As a result, they can afford to pay higher prices than sugar mills can when there is a shortage of cane. At the same time, they can get away without buying if there is a slump; sugar mills are forced to continue buying even at a loss because of political pressures. At the very least, then, both sugar mills and *khandsari* producers should be required to face a level playing field.

A power line



When the Austrian government asked the US to finance an opera house at Salzberg under the Marshall Plan (after World War II), it was told that such unproductive investments were unacceptable. The Austrians then removed a road building scheme from their budget, obtained Marshall Plan funding for it, and proceeded to build the opera house from their own funds.

Who actually financed the opera house? V.P. Singh ought to remember this story while initiating a national debate on **amiri rekha** — particularly on unproductive holdings like land and jewellery. The Land Ceiling and erstwhile Gold Control Acts failed because, like the ingenious Austrians, the rich can bypass the law, given its loopholes and their deep pockets. Worse still, the rich often benefit from subsidies intended for the poor, as the IRDP and NREP schemes have proved.

Singh is too shrewd to not know this. Is his statement, then, mere politics under pressure from the rural left? Since his actions so far (though not always his words) suggest a more rational interpretation, the question is, can any good can come out of the 'wealth line'?

V.P. Singh has hitherto favoured productive investment and, by extension, growth. Now he wants growth-plus. How relevant is the focus on growth alone? It was not until Indira Gandhi's pro-growth shift in 1980 that the poverty line started shifting downwards. In 1978, 307 million people were below the poverty line, compared to 167 million in 1961. By 1989, the number was down to 211 million, proving that focusing on growth is the most solid basis for removing poverty.

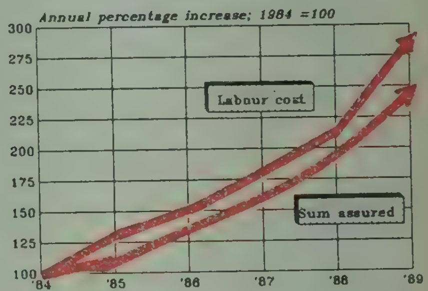
Nevertheless, Singh's suggestion that public servants should live modestly could usefully reduce the lust for power. More valuable, though, would be a *rekha* of power for public servants and another of influence for the private sector. The country has suffered too long from power-brokers and politicians who enact the laws. Laws that supposedly direct resources to the poor have often primarily benefited the rich. The Green Revolution is a good example, with the number of rural poor below the poverty line in Punjab having remained stagnant at 2.2 million persons between 1971 and 1989.

Singh's policies to date will stimulate growth. Yet the much-needed dramatic liberalisation has not been forthcoming, such as phasing out protection for industry (resisted by the rich) or helping co-operatives enter oilseed production and afforestation (resisted by the rich and the forest department).

Is an **amiri rekha** the right way to pick up the pace a bit? No, because it is not the government's business to control the pattern of after-tax consumption. It should leave that to social reformers and help by removing the 50 per cent barrier on charitable donations.

The poor need basic amenities with government support. In that sense, an important reason why government exists is because the rich are not inherently unselfish and kind. The government needs to provide the poor with a floor; it should stay out of ceilings.

LIC: pecking at seed corn



With American sanctions against Indian life insurance now unlikely, the Life Insurance Corporation (LIC) should continue to grow strongly. A good number of Indians willingly accept the low return (negative, actually, after inflation) offered by the average life policy (see *Finance* page 98) in exchange for the privilege of life cover. Foreigners do much better, despite lower spreads between interest rates and inflation, earning 1 per cent over inflation. Nevertheless, being a monopoly aided by the common illusion that Rs.1 lakh after, say, 30 years will be worth at least Rs.50,000 in today's money — actually, with a moderate inflation of 6 per cent, it's worth just Rs.17,000 — the LIC is a grand success.

Impressive growth no doubt, though high premiums have resulted in inadequate coverage — 80 per cent of policies cover less than Rs.25,000. Also, access is restricted to a mere 15 per cent of the insurable population. The LIC, used to these criticisms, blames the legal restrictions on the use of its money, whereby 75 per cent of it is blocked in low-yielding government securities. It stresses instead the "sacred trust" of securing insurees' capital.

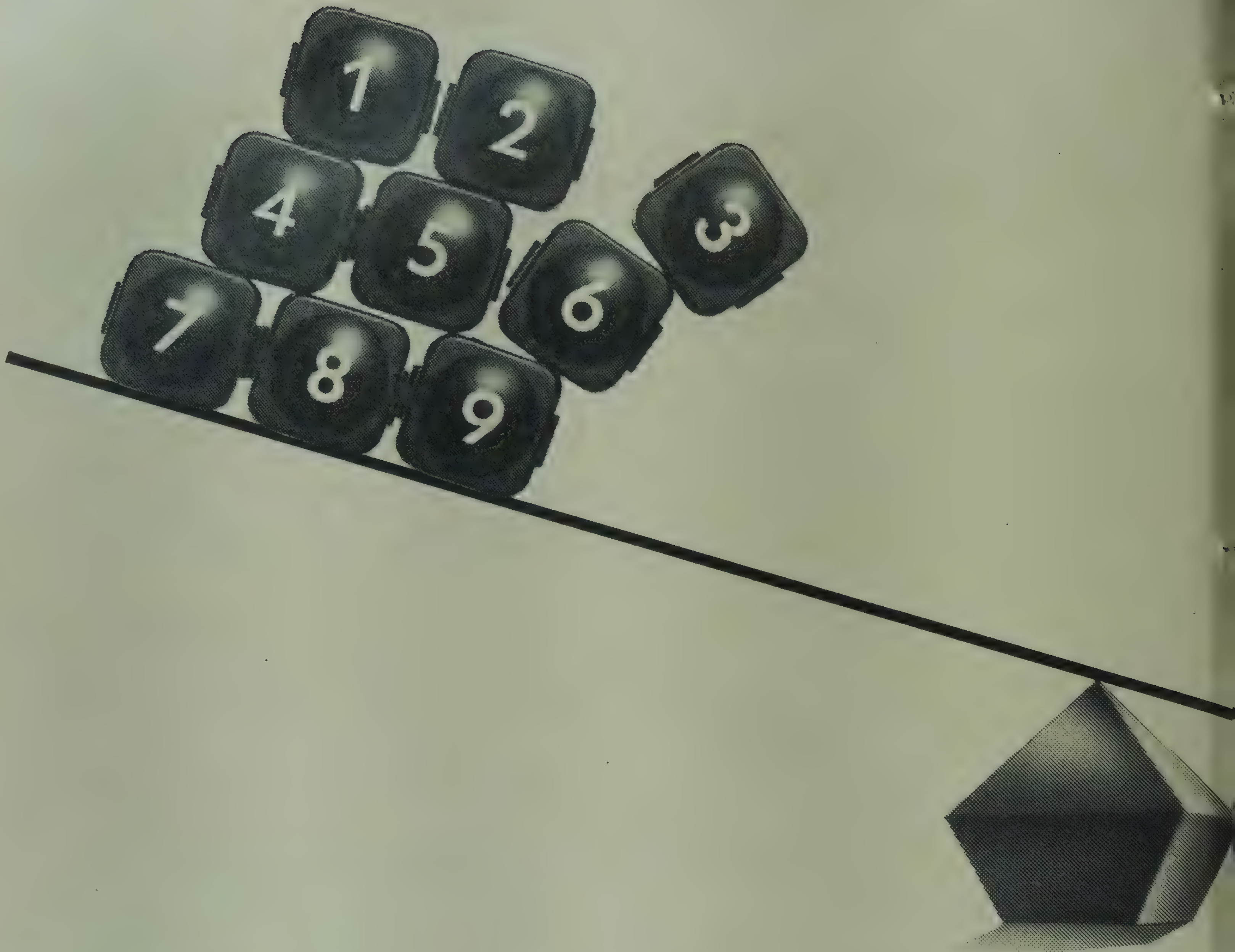
How secure is the principal? Even if one (naively) assumes that its borrowers, such as the various state electricity and housing boards, will pay up, capital security — with assurances growing at an increasing rate and projected to double in the next three years — requires that almost all premiums received should enter its investment fund.

When growth is high, current claims, representing demands from premiums paid earlier, will be much less than future claims. They should, therefore, be paid from current income earned from investments of earlier premium money, and not from current premiums, which represent future claims. Otherwise, the pyramid will crash when growth in premiums falls while claims continue to grow, as must happen some day. And don't forget that current investment income must also meet day-to-day expenses.

The LIC has performed poorly on this count. In 1989, it received Rs.3,633 crore as premium income but channelled only 81 per cent (Rs.2,944 crore) into its investment fund. In 1984, the corresponding figure was 86 per cent. Not surprisingly, its operating cost exceeded its operating income.

Why is this? Despite statutory restrictions, the LIC earned 10.1 per cent on its portfolio in 1988-89 (excluding capital gains), thus beating inflation by over 2 per cent. The real culprit is high labour costs. The average employee earned Rs.60,000 in 1989, yet supported premiums of only Rs.5.2 lakh — with marketing done by outside agents, who cost extra. The corresponding employee cost to premium ratio for an American life insurance firm is below 2 per cent.

There are no shortcuts to reducing staff. So, instead of golden handshakes, the LIC should cut premiums sharply to stimulate demand; the alternative — raising maturity bonuses — is cheaper in the short term, but will not make life insurance more affordable. Retraining and computerisation should then allow existing staff to individually support at least Rs.15 lakh of premium, lowering the staff cost to premium ratio to 4 per cent. All this means short-term sacrifices and the LIC staff are notorious for resisting computerisation. Meanwhile, the company is busy pecking away at its seed corn.



All electronic exchanges boast of innumerable features like transfer, automatic hold, barge-in, automatic camp-on, release key, speed dialing, night mode, etc. But how many of these features are actually used? Very few. Research has proved that most of these supposedly "User-friendly" features go unutilised. The reason – Few users have the time or the inclination to memorise numerical codes for each of these features. This is also the reason why organisations now prefer the NATELCO 90's EPABX System – An electronic exchange so advanced that it is incredibly simple to use. It does not tax your memory to remember codes. It comes with telephone sets that have specially dedicated keys with the function clearly specified in words. Thereby helping you to use these features more often, more effectively. ■ **Twice As Efficient Too:** The NATELCO 90's EPABX System allows your Telephone Operator to handle twice as many calls as she normally can. It has special visual and audible cues that show her the status of all extensions along with the order and staius of incoming calls. Helping her save the time she wastes in keeping the calling party on hold, just because she

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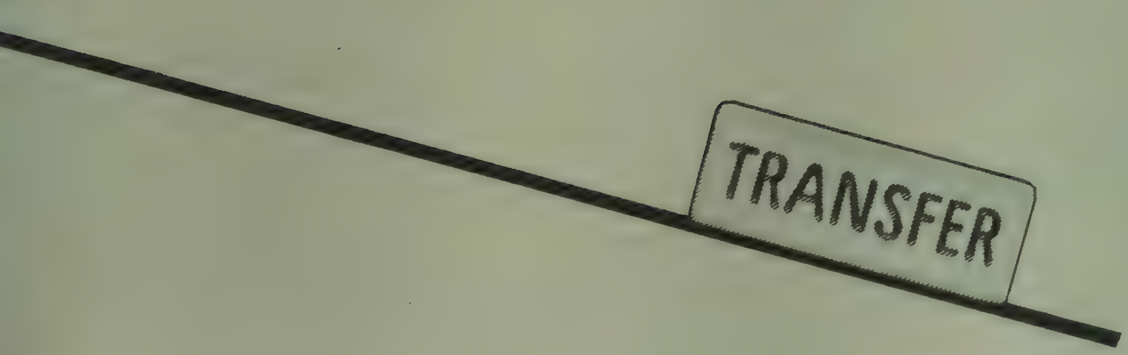

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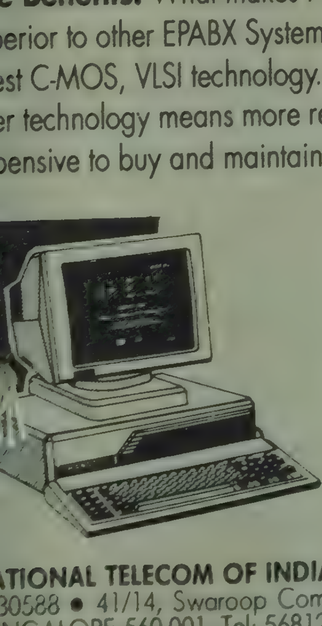

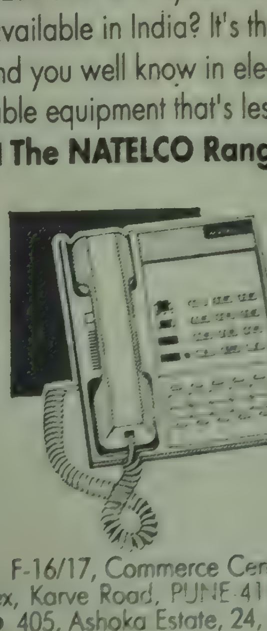

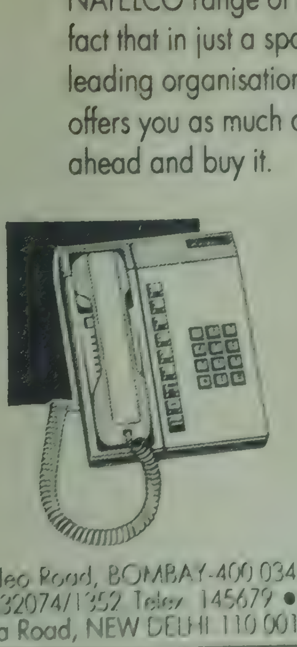

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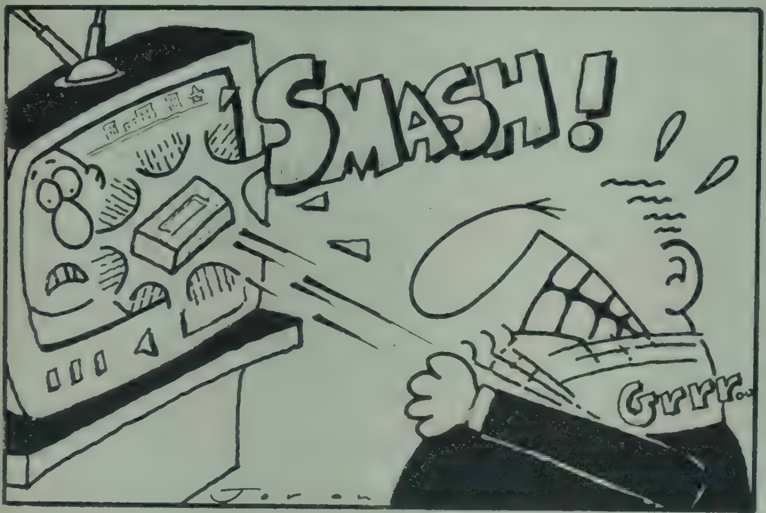
TV's smash hit

Does Doordarshan's capacity for frequently telecasting the most abysmal programmes want to make you tear your hair or throw things around? Then the 'Tantrum TV Brick' is the right product for you. One of the 1,000 new ideas exhibited at a recent Annual Inventions Fair held in Geneva, it has been manufactured by a London based firm. Its prime purpose: to be thrown at the TV in a fit of frustration.

A microchip contained in the brick transmits a message into a receiver in the TV which puts the set off for a few seconds. But no permanent damage will be done to your precious TV — the brick is made of foam.

So the next time your favourite batsman fails miserably, go ahead and smash his face — or at least his image!

VIVEKANAND KADAM
Bangalore



It's cheaper in France!

FARROKH CHOTHIA

By the famous Champs d' Elysees in Paris, close to where the fashion houses of Christian Dior, Yves St. Laurent, Christian Lacroix and the venerable Cartier operate, is a rather inconspicuous showroom displaying one of the most exclusive cars in the world — the 2.5-million franc Lamborghini Countach (street value in India about Rs.1.8 crore).

But across the street is a more conspicuous showroom which stocks that symbol of style and elegance — Maserati, and guess what else? Marutis! Yes, the Indian made Maruti 800. At 39,000 francs (around Rs.1 lakh) the French definitely buy their Marutis cheaper than us Indians who make it.

Poetic miscalculation!

In the nineteenth century, the eccentric mathematical genius Charles Babbage spent most of his life trying unsuccessfully to put together a steam powered engine the size of a football field. While Babbage was unable to see how impossible his mission was, his precise mind took umbrage at poetic licence.

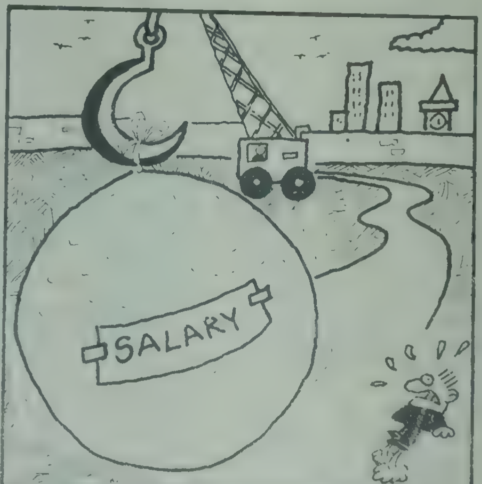
Alfred Lord Tennyson's poem which read "Every moment dies a man/Every moment one is born" caused him to dash off a clarification to the poet. "If this were there," wrote Babbage, "the population of the world would be at a standstill." He urged Tennyson to change the line to "Every moment dies a man/Every moment 11/16 is born".

Bagfuls of salary

Employees of the state owned Tamil Nadu Pandiyan Roadways Corporation (PRC) got bagfuls of salary for the month of June — literally. Polythene bags containing one rupee coins and two and five rupee notes were handed out to all those who lined up for their monthly dues.

For the PRC management, it was part of an attempt to solve a unique kind of problem. Faced with a glut of coins and small notes, the corporation was even obliged to hire empty water tankers to store the small change. Since its bankers turned up their noses at such a bulky deposit, the corporation has been forced to appeal to the RBI for help. In the meanwhile, it decided to unload the cumbersome stock on its people, who, unlike bankers, would not spurn the money. And on payday, the employees actually staggered home under the weight of their salaries!

U.S. SRINIVASAN
Bangalore



Divine intervention called for

A recent ad in the Kannada daily *Udayavani* highlights the populace's increasing frustration over the post and telegraph department's failure to get the telephone system working. The ad, inserted by the Canara Automotive Company Pvt Ltd is headlined:

"We are working, our telephone is not."

It then goes on to apologise to customers for the inconvenience caused, and calls for divine help to "bless P&T with the strength to set the telephone right".

LIONEL ARANHA
Mangalore

Saving on kids

It isn't only insurance companies that come up with 'save for your baby's future' schemes. The Tamil Nadu government has gone a step further to popularise family planning.

Couples belonging to the low income bracket of Rs.15,000 per annum or below, can avail of this novel scheme in which the government promises to give a grant of Rs.1,000 to every couple that opts for sterilisation after the first child. The catch here is that the amount is not handed over to the parents — it will be deposited in the child's name and a sum of Rs. 10,000 will be presented to the child on his or her eighteenth birthday.

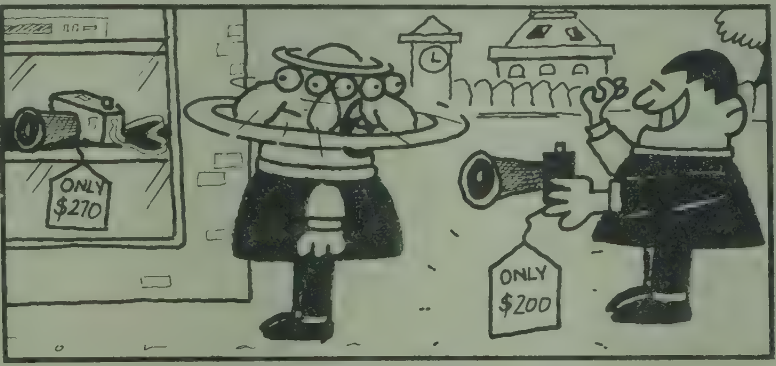
This provision, apart from inducing parents to save, is also a canny move on the government's part to make sure that couples don't change their minds after they are in possession of the money.

J.B. WILLIAM
Madras

Counter trade

Hong Kong may be a shoppers' paradise, but dealers in Hong Kong are still not going to pass up any opportunity for good business, even if it is on the other side of the world. At one time, Minolta sold its cameras cheaper to dealers in Hong Kong than to its dealers in Germany. The reason — lower transportation costs and tariffs.

Working on smaller margins, as is their way, dealers in Hong Kong sold Minoltas at an average retail price of $174, as against the German retail price of $270. Some bright wholesalers in Hong Kong noticed the price differential and started shipping Minoltas to German retailers for less than what the latter paid the official Minolta distributor in Germany. And of course, the Minolta distributor was left holding his unsold stocks, as the wily men from Hong Kong emerged with hefty profits.



AMIT BHATTACHARYA
New Delhi

Credit card blues

Instances of fantastic bills run up on credit cards that have been lost is a regular and distressing occurrance the world over. In the US, where credit cards are more a way of life than a status symbol, institutions issue free weekly bulletins listing lost, unexpired credit cards, and rewards for finding them.

In India too, Mastercard offers the equivalent of $50 for a listed international card, and Rs.100 for an Indian card. For lost cards not listed in the bulletin, there is a reward of $100 for an international and Rs.200 for an Indian card. Whether these rewards can tempt a finder, with almost unlimited credit at his disposal, is yet to be seen. But at least attendants, who are likely to be handed these cards, will make a little more effort to familiarise themselves with the bulletin.

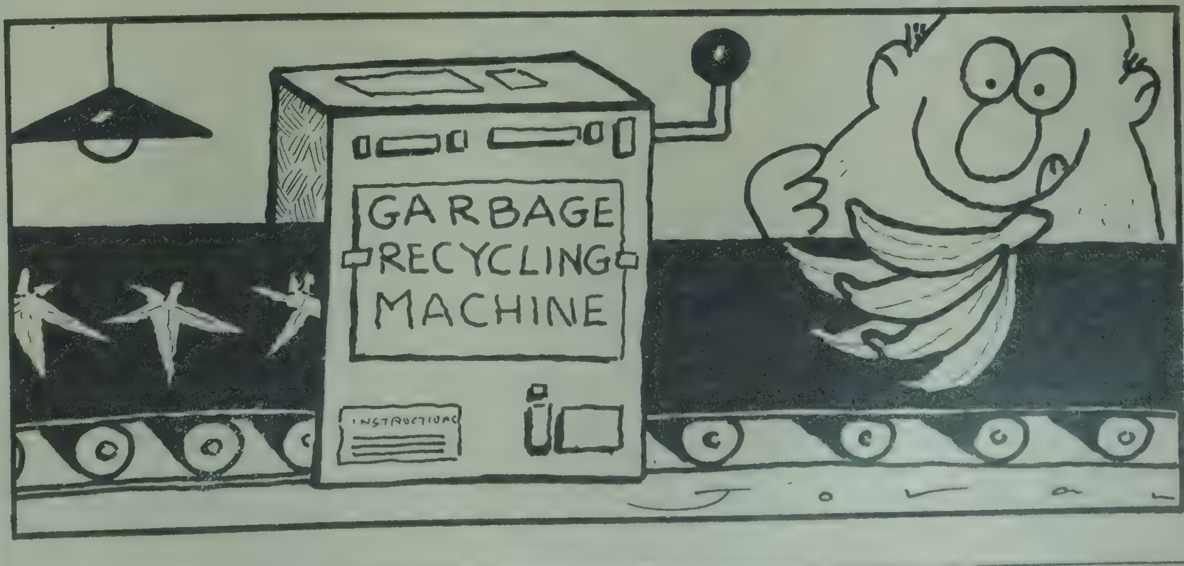
A study in garbage

According to a UN study, in several Third World countries, one to two per cent of the population is supported by the garbage of the top 10 to 20 per cent. Garbage recycling is the new wonder word amongst yuppie environmentalists. However, recycling garbage has its own version of a North-South divide, and the quality of garbage available for recycling directly reflects the standard of living.

In Japan, for instance, over 90 per cent of the country's garbage is recycled, at the plants located in Machida, their 'garbage capital'. This is done after an initial screening by the municipalities to reject impurities like moisture.

In India, however, a municipal solid waste incineration plant to generate energy set up with expertise from a Danish firm has failed miserably. The reason: our municipal garbage is sadly substandard. The calorific value of the garbage is a measly 750 to 800 kilo calories per kg. Also, the amount of impurities present exceeds 50 per cent.

KUMAR VIVEK
Muzaffarpur



Business India invites readers to send original unpublished contributions to this page. The snippets can be humorous, insightful, outrageous or simply, informative. Each snippet must carry this coupon.

Rs.50 paid for each published contribution.

A quiet move

Khatau: gaining strength

Dilip Khatau has quietly increased his family's holding in the Cable Corporation of India. He has bought over the entire 14 per cent equity in the company held by Sudhir Thackersey of Hindustan Spinning and Weaving Mills. Of the acquired stake, Khatau has sold off about 6 per cent of Thackersey's stake and retained 8 per cent. With this, the Khataus' stake in the company has gone up from 16 to 24 per cent; they have become the second largest shareholder after Siemens AG of West Germany which holds 31 per cent.

KPL axed?

The Karnataka government has allegedly taken a decision to wind up Karnataka Pulpwood Ltd (KPL). A formal announcement to this effect is expected to be made soon by the state government.

The idea to set up this joint sector company was mooted in 1983-84 and it came into being during 1985. The Karnataka government and Grasim Industries Ltd each held 50 per cent of KPL's Rs.70-lakh equity. Grasim was given the first option on the pulpwood produced by KPL.

Though there is every indication that the reports of the closure will soon be proven correct, it is not clear at this stage why the state government wishes to close this company down.

A new range

Videocon International Ltd is planning to introduce a completely new range of audio systems in the market. On the cards are two stereo two-in-ones and two new home audio systems. Also planned is a walkman with features like high output, super woofer with turbo bass generator, double deck, a five-band graphic equaliser. The price, the company claims, will be at least 20 per cent lower than the industry leader — ranging from Rs.450 for the walkman to Rs.7,500 for the home audio system, which includes a turntable.

Veteran readies for battle

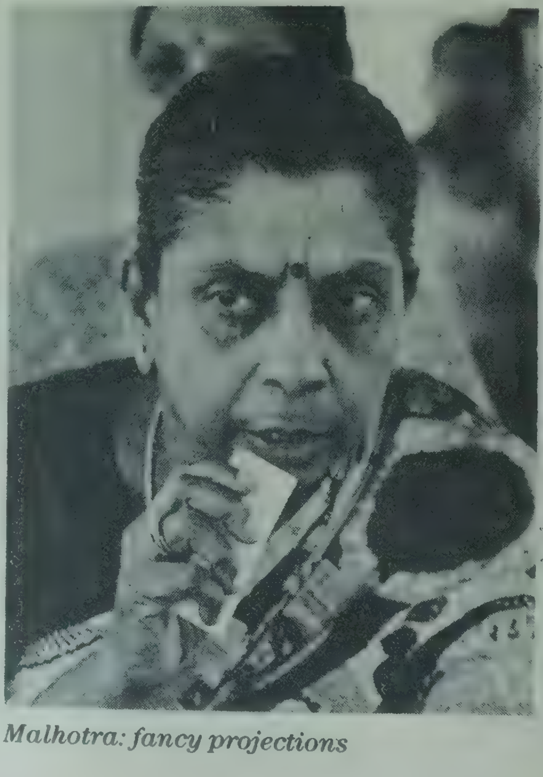
H.S. Jalan of Indana and Gold Cafe fame is a veteran of many recent marketing battles. After coffee, his diversifications have been into biscuits, Italian tiles and cutlery. These have pitched Jalan headlong into confrontation with multinationals like Food Specialities Ltd, Brooke Bond and Britannia.

His latest diversification is also into a fiercely competitive field: hotels. Jalan has decided to promote two 5-star holiday resorts, one in Goa and the other at an undisclosed tourist spot. The resorts, though, are not expected to be ready before 1992.

Change at the helm

The Rs.1,200-crore hi-tech port at Nhava Sheva has failed to garner enough business in container traffic despite the fancy projections made by the high profile erstwhile chairperson, Anna Malhotra. To boost the sagging fortunes of the port, the dynamic Ashok Joshi was brought in from Madras Port Trust as vice-chairman. Reports have it that the mild-mannered Joshi did his best, but was disillusioned by the restrictions from higher quarters in taking decisions independently.

It is believed that Joshi is on his way out from Nhava Sheva and is proceeding to Delhi to join the ministry of surface transport as a joint secretary. Replacing him will be the erstwhile managing director of CIDCO, K. Nalinakshan, who was earlier the chairman of Bombay Port Trust. With Joshi at the Centre, and Nalinakshan at Nhava Sheva, the port may be in for some good times, business-wise that is. But shouldn't there be a new chief at the currently headless CIDCO?



Malhotra: fancy projections

Going for bread and butter

The board of Peico has proposed that the company take up to 24.9 per cent of any unsubscribed shares if Punjab Anand Lamp Industries (PALI) goes for a public issue. Peico's parent company, NV Philip, already has a 25 per cent share in the company and the former markets its lighting products.

Jalan: ready to compete

PALI has been faring poorly and is in a situation where it is in need of fresh capital. If Peico manages to get the necessary approvals for its proposal, PALI will become effectively a part of the Philips family.

Evidently, Peico, following Philips' worldwide strategy, has decided to concentrate on its bread-and-butter business of lighting products.

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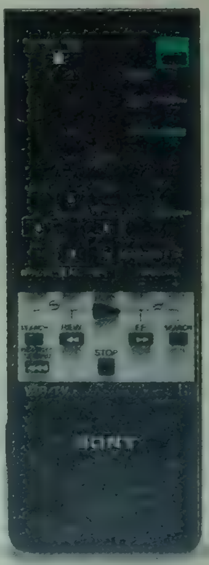

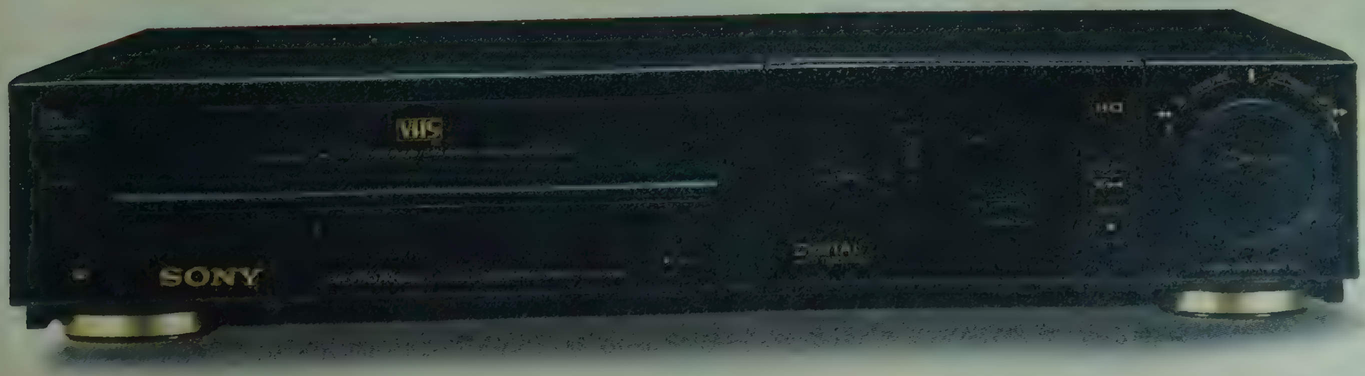

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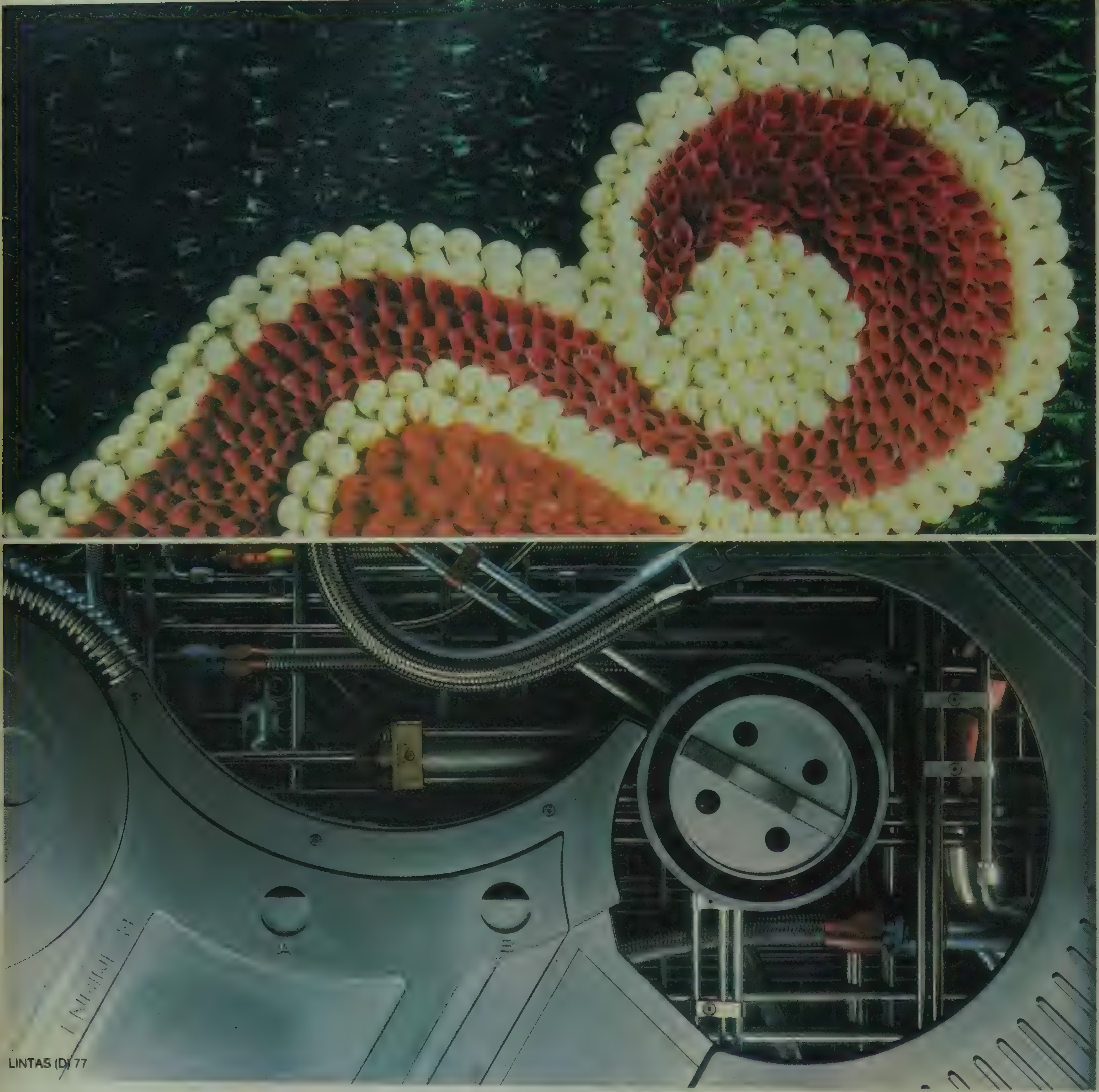

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GOVERNMENT

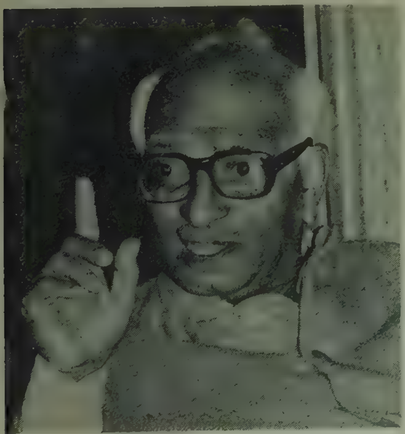
State rejects liability

In a significant development, the Gujarat government has refused to take on the liability of debt relief to farmers, provided by the Central government.

This was conveyed to the Union finance minister Madhu Dandavate by the Gujarat chief minister Chimanbhai Patel recently. According to a press release, Patel has said that, under the present scheme, though the full burden of loans given by nationalised banks will be borne by the Centre, in the case of co-operative banks, only half the burden will be borne by the Union government. And due to its difficult resource position, the Gujarat government cannot undertake this liability.

Stock exchange laws to change

The Union finance ministry is considering several proposals to modify the rules, by-laws and regulations of stock exchanges to vest more power in executive directors.



The exercise will empower the executive directors with sufficient authority to regulate trading and discharge their responsibilities as the day to day administrators of a stock exchange with total independence and impartiality.

Air rates to go up

Domestic air travel will be costlier from 1 July following the increase in inland travel tax from 10 to 15 per cent. The increase had been announced by the finance minister, Madhu Dandavate in his budget proposals.

Accordingly, the increase in fare would be 15 per cent of the total fare, including fuel charge. The earlier tax of 10 per cent was on the basic fare only.

A 320s to be reinducted?

The grounded A-320 fleet is likely to be put back into operation soon, since attempts to lease out the 14 aircraft have failed. Indian Airlines is therefore pressing the ministry of civil aviation to allow it to reinduct the A-320 aircraft into its fleet.

Plan outlay doubled

The draft agricultural policy resolution has targeted an annual growth rate of six per cent for the sector by doubling the five-year plan outlay from 21 per cent in the Seventh Plan to 40 per cent in subsequent plans.

Rail bond to raise funds

The Konkan Railway Corporation will issue public bonds worth Rs.800 crore at nine per cent interest by July end in a bid to raise resources for the Rs.1,200 crore Konkan railway project, according to the Union railway minister.

Addressing a press conference at the Bombay Union of Journalists' hall in Bombay, the minister said that the project had been finalised and would be signed on 19 June in New Delhi in the presence of the four chief ministers of Maharashtra, Karnataka, Goa and Kerala.

Ceiling on borrowings

The Union finance minister, Madhu Dandavate has suggested the imposition of a ceiling on government borrowing, both internal and external, under article 292 of the constitution, after an extensive debate undertaken at various levels.

Under article 292, the executive power of the union can be extended to limiting borrowing as per a law enacted by Parliament.

Meanwhile, India's external commercial borrowings have been consciously checked over the last six months, in line with a policy adopted by the Centre.

According to bankers and fund managers closely involved in the deals, the clearance of projects involving large expenses in foreign exchange have also been delayed considerably. These sources maintain that there have been no large borrowings from abroad to the tune of $ 250-300 million recently, transactions being limited to — between $ 30-50 million only.

Exim policy modified

The government has introduced 12 modifications in the import-export policy following suggestions from trade and industry for overall export promotion and easy access of inputs to Indian industry, reports PTI.

Announcing these changes, the commerce minister, Arun Nehru said that the threshold limit for export house recognition had been reduced to Rs.4 crore from the present Rs.5 crore in net foreign exchange (NFE) terms.

New policy for penicillin G

The ratio of allocation of imported penicillin G to indigenous penicillin G for drug units has been reduced by 10 per cent under the new policy for penicillin G for 1990-91 announced by the government last fortnight.

To date, drug units were allowed to import 70 per cent of their requirement and use 30 per cent indigenous penicillin G. Under the revised policy, drug units will have to lift 40 per cent of the indigenous production and will be entitled to import 60 per cent of their requirement.

Status quo with Nepal

India and Nepal formally ended their 14-month old trade and transit row, restoring the *status quo ante* in bilateral ties, after talks that ended on 8 June.

ECONOMY

Loan waiver

The Union government has removed the ceiling on eligibility for a loan waiver. As against the previous scheme under which debt relief was available for loans up to Rs.10,000, the revised scheme will offer debt relief to the extent of Rs.10,000 notwithstanding the amount of loan taken. The liberalisation will cost the exchequer an additional Rs.400 crore.

Investment in petroleum

The petroleum ministry has estimated that the funds required

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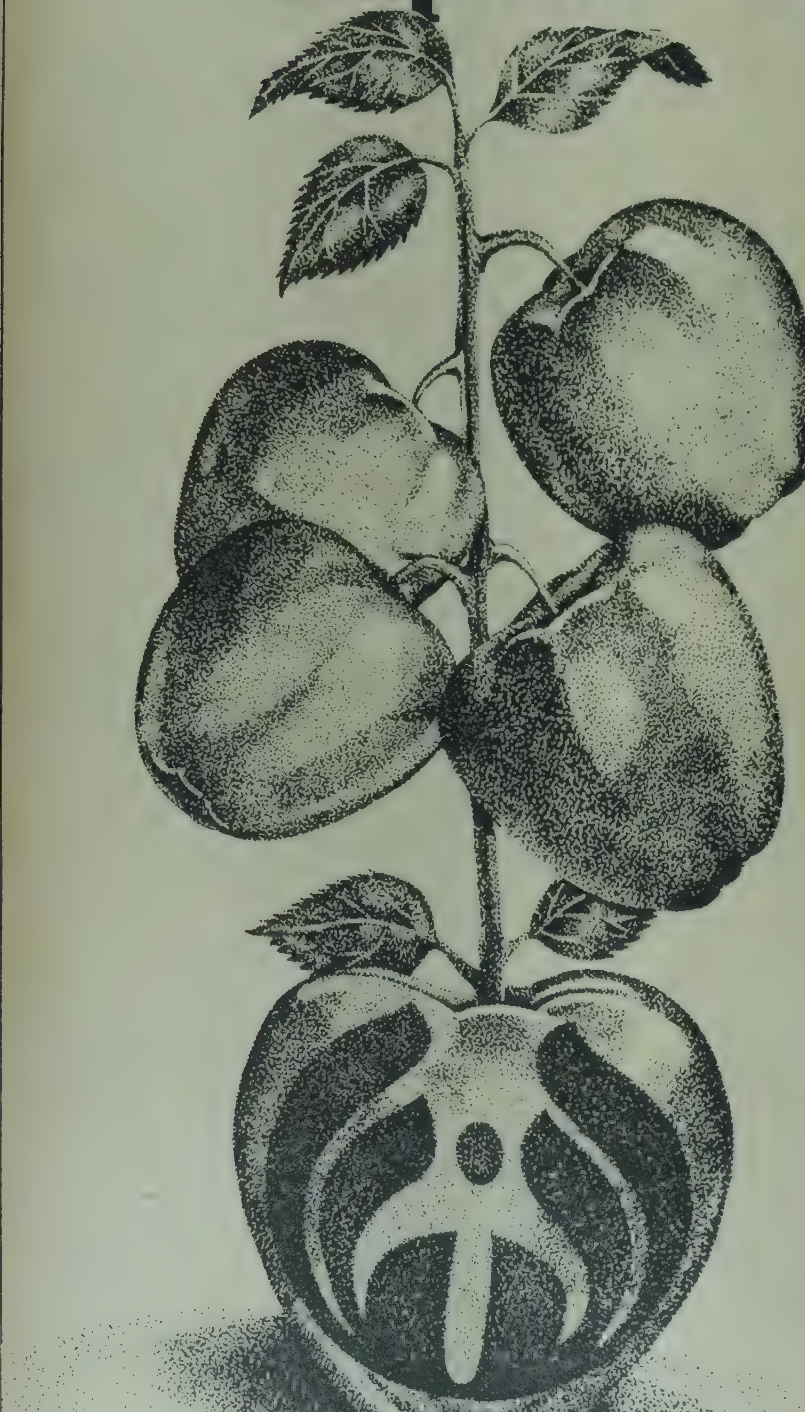

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by petroleum sector in the Eighth Plan stands at Rs.49,327 crore against the actual investment of Rs.16,295 crore in the Seventh Plan. This includes Rs.26,086 crore for the ONGC, Rs.1,643 crore for Oil India, Rs.5,622 crore for the Gas Authority of India Limited (GAIL), Rs.8,183 crore for the refining sector and Rs.7,793 crore for marketing.

India's exports

India's total exports in 1989 went up by 36.5 per cent and were valued at Rs.27,681.47 crore. Exports of chemicals and related products registered a record increase of 103.9 per cent. Engineering exports too increased by 41 per cent while agriculture and allied products registered a 57 per cent increase, plantations 46 per cent, textiles 43 per cent and petroleum products 38 per cent.

Exports to East Europe

India's exports to east European countries increased from Rs.323 crore to Rs.1,486 crore between 1970-71 and 1980-81. In 1988-89, the exports were worth Rs.3,356 crore as against Rs.2,593 crore in 1987-88. However, their share in the total exports which was 21 per cent in 1970-71, went up marginally to 22.1 per cent in 1980-81, then fell to 16.5 per cent in 1988-89.

Excise duty relief

DMT and PTA will now attract a uniform duty of 15 per cent ad valorem. While the ceiling limit for MODVAT in respect of duty paid on PVC resin for manufacture of leather cloth is raised from Rs.3.50 to Rs.5.25 per sq. metre of coated textiles, excise duty rates on such textiles are revised downwards.

Excise on polyester staple fibre is reduced to Rs.5 per kg and duty on synthetic woven sacks is reduced from eight to five per cent ad valorem. While aluminium containers used for packing of liquid pesticides are exempt from duty, iron and steel containers will attract a duty of 15 per cent ad valorem against the earlier 20 per cent. Duty on cement and textile processing machinery is also reduced from Rs.115 per tonne to Rs.90 per tonne and 15 to 10 per cent ad valorem, respectively.

Slow industrial growth

The trend of deceleration in the industrial growth rate which persisted during 1989-90 is likely to continue for some time during the current year. The deceleration in growth rate last year was mainly on account of the slump in the manufacturing sector which was due to shortage of resources and raw materials like iron, steel and other non-ferrous metals, and the restrictions imposed on imports.

New SDR reduces votes

India's new quota in the IMF fund is SDR 3,055.5 million as against the earlier SDR 2,207.7 million. The new quota has reduced India's voting power in IMF from 2.38 per cent to 2.22 per cent.

CORPORATE

Transformer pioneers

Crompton Greaves Ltd, one of the largest electrical companies in the country (1989-90 sales: Rs.510.37 crore), has produced its 1,000th aluminium foil-wound transformer. This landmark has been achieved in just six years. The company pioneered the manufacture of these transformers in 1984 at its transformer plant in Kanjur Marg, a suburb of Bombay.

Aluminium foil-wound transformers not only ensure improved heat transfer and compactness, they also help save foreign exchange by substituting imported high grade electrolytic copper with indigenously available aluminium. Crompton Greaves has been supplying transformers in the 500 to 5000 KVA range to customers like electricity boards, Indian Railways and continuous process industries. In order to meet the growing demand for transformers, the company is setting up a new plant at Malanpur in Madhya Pradesh.

Maruti in Europe

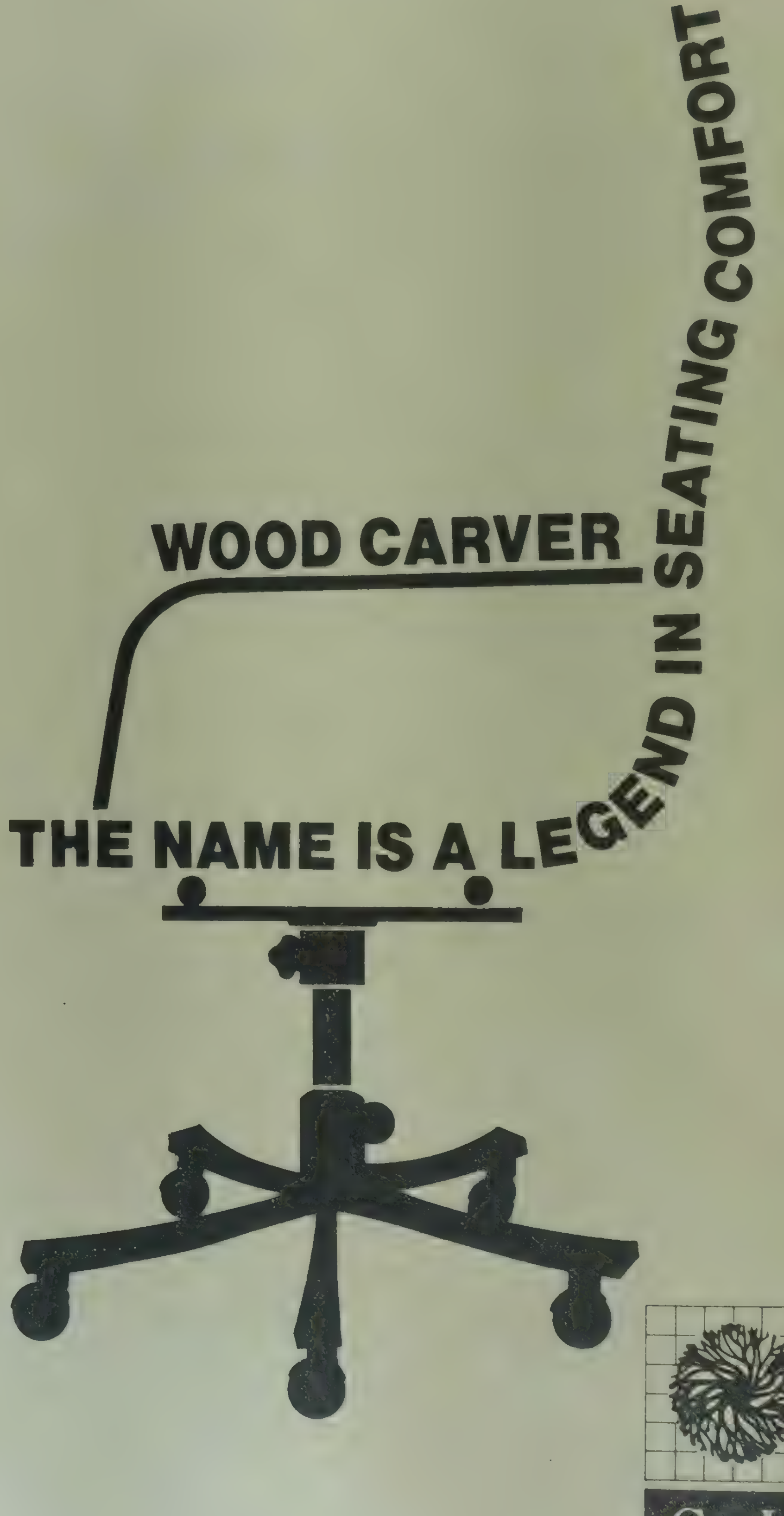
Suzuki Motors of Japan has decided to pull out of the European market for small cars in favour of Maruti Udyog Ltd. In other words, MUL will now have a monopoly in selling 800 cc cars, produced in collaboration with Suzuki Motors, in Europe from 1992.

The agreement was the outcome of Suzuki showing a greater interest in marketing bigger cars and the success of Maruti 800 cc in the French market. The Maruti-Suzuki plan for marketing the Indian made 800 cc car in Europe will fall in line with the government's plan to disinvest 11 per cent of its stake in MUL and sell it to financial institutions. Second, there is the MUL proposal for setting up a holding company to help the components industry, and especially those which supply parts to MUL.

ITI goes cellular

Indian Telephone Industries (ITI) has indigenously developed a cellular mobile radio telephone system with which a subscriber can call any number within a radius of 15 km.

The system, which is under development, consists of a base station which will be connected to a public service telephone network. By using a cordless telephone a person travelling by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any mode of transport within 15 km can contact the required telephone.

ITI has also developed and started manufacturing a mini integrated local and trunk exchange which is particularly suited to rural areas. This 56-line capacity exchange is economically priced, compact, does not require air conditioning and can be remote monitored.

TVS life savers

TVS Scions and a leading West German company have floated a Rs.1.5 crore joint venture for the manufacture of life saving products in the fields of orthopaedy and traumatology. The joint venture has been christened Hug Medical Private Ltd.

Of the total equity of Rs.50 lakh of the total project cost of Rs.1.5 crore, 40 per cent will be contributed by the West German company — G. Hugh GmbH — and the balance by TVS Scions etc. The remaining Rs.1 crore will be raised through financial institutions.

The company has already received export enquiries and orders from South Korea and Singapore among other countries.

Britannia takes wing

Britannia Brands Ltd has entered into a joint venture agreement with Europe's largest air charter company — the Switzerland-based Aeroleasing Far East (PTE) Ltd — to set up an air charter company called Britannia Aeroleasing Ltd.

The Swiss company will have a stake of 40 per cent while Britannia will have 60 per cent stake in the new company. Britannia will initially make an investment of nearly US$ 5 million, which will be used mainly to purchase jet aircraft.

Britannia Aeroleasing will be registered in Singapore and a subsidiary with the same name will be based in Bombay. The interesting aspect of the joint venture is that Swissair will be looking after the maintenance of the fleet.

Communications by Webel

Siemens AG will soon channelise a part of its global requirements from India. Webel Telematik Ltd, a joint venture of Siemens and West Bengal Industrial Development Corporation, has commenced production of electronic teleprinters. Webel has also applied for letters of intent to manufacture fax machines, RAX and minicomputers. The teleprinters have been well received by the Department of Telecommunications and Mahanagar Telephone Nigam Ltd. In addition, a Rs.2.5 crore order has been placed by Siemens AG with Webel for software development.

Together with Delton Cables, Siemens has formed another company called Deltel Communications Ltd to manufacture PABXs. At the moment, the supply is larger than demand. However, demand is growing rapidly.

INDUSTRY

LIs to sugar units

Fifteen letters of intent (LIs) were issued to the sugar industry in March. Fourteen of these were for setting up new undertakings and one was for substantial expansion.

Nine of these will be located in Maharashtra, two in Gujarat and one each in Pondicherry, Punjab and Uttar Pradesh.

Three LIs issued earlier for the sugar industry, were converted into licences during the month — two of the units are in Tamil Nadu and one in U.P.

Drug units sick

The Indian Drug Manufacturers Association (IDMA) and the Organisation of Pharmaceuticals Producers of India (OPPI) have sought prime minister V.P. Singh's help, to restrain the department of chemicals and petrochemicals from taking punitive action against pharmaceutical firms, for non-payment of arrears into the drug price equalisation account (DPEA).

The department of chemicals and petrochemicals has threatened action, under the essential commodities act, against those companies which failed to pay up arrears by 31 May.

The two industry associations have urged the prime minister to direct the department to reconsider the contentious issue of drug arrears "dispassionately and judiciously".

Cotton yarn export

The Southern India Mills Association (SIMA) has suggested that the government remove the ceiling on export of cotton yarn in view of the vast export potential available for Indian cotton yarn.

SIMA feels that the removal of ceiling on cotton yarn exports, which has been fixed at 40 million kg for the current year, will result in cascading benefits.

It will lead to increased utilisation of existing spinning capacity, higher employment opportunities without additional investment, better prices for cotton growers and above all, more foreign exchange to the nation through cotton yarn exports, SIMA points out.

Tobacco industry looks up

The Indian tobacco industry expects a big export boom in Europe due to major political reforms sweeping through the continent. The industry has already achieved a 30 per cent increase in exports over 1988-89 and there are indications of a further jump of 10 to 15 per cent this year, P.S.H. Prasada Rao, president of the Indian Tobacco Association said.

Rao feels that the crisis plaguing the industry a couple of years ago is over now and everyone is "getting a fair share for his labour". Presently the per kilo compensation for the growers is Rs.2 to Rs.2.50 more than the minimum guaranteed price (MGP) fixed by the government. Indications are that this 'MGP' offered by the industry on its own will go up in the current year.

LABOUR

Concern at ILO move

The ILO move to link minimum labour standards with trade has not been received favourably by India. Union labour minister Ram Vilas Paswan met Michel Hanserre, ILO's director general to convey his concern. An official press release of the Indian government says that such a measure could be used against developing countries, thus aggravating the adverse economic conditions faced by them. The release also reiterated India's commitment to improving labour conditions.

BPT stir continues

About 50 crew members of the BPT have been on strike since 5 June. They have boycotted berthing of oil tankers in berth number 4 at Butcher Island and chemical tankers at Per Pau jetty. The crew members, led by Shantibhai Patel, president of the All-India Port Dock Workers Federation, have been demanding Rs.250 per month extra as a premium for the dangerous work they do. Talks with BPT authorities have failed to resolve the issue, as a result of which supplies of petrochemical products have been affected.

Spinners back to work

In Tamil Nadu, the district co-operative spinning mills of Pudukottai, Ramanathapuram, Dharmapuri and the Anna co-operative spinning mills have reached an agreement with their respective trade union leaders, bringing a 50-day strike at these mills to an end.

The state labour commissioner, K. Malaiswamy, convened the conciliation talks. The workers had gone on strike over the sanction of DA at 35 paise over the points on the cost of living index and also on the issue of increase in basic pay. The settlement provides for increase in basic pay, while other issues will be decided by the Director of Handlooms.

Notice to BHEL

In response to a petition by the employees of Bharat Heavy Electricals Ltd, Hardwar, the Supreme Court has directed the public sector unit to pay a uniform bonus to all employees. The petition alleged that while workers in other sections were paid bonus at the ratio of 20 per cent, workers in the central foundry plant were paid bonus only at the rate of eight per cent.

DIARY

DATE	SUBJECT	ORGANISER	VENUE
18-23 June	**Counselling skills**	Centre for Organisation Development Ph: 227050/35711	Centre for Organisation Development, Madhavpur village, Jubilee Hills extn. Hyderabad
18-22 June	**Operations research applications in financial management**	Institute for Financial Management and Research Ph: 473801	Institute for Financial Management and Research, Madras
25-29 June	**Evaluation, selection and installation of personal computers local area network and software**	Management Development Institute Ph: 22117/21173	Hotel Asia the Dawn, Shimla
25-30 June	**Managing the sales force**	Tata Management Training Centre Ph: 665381/665472/660141	Tata Training Centre, Pune
27-30 June	**Effective leadership and team building**	National Institute of Personnel Management Ph: 6876130/674186	Hotel Vikram Vintage Inn
2-7 July	**Production/operations management**	Xavier Institute of Management Ph: 52446/52488	Xavier Institute of Management, Bhubaneshwar
2-7 July	**Management planning and control systems**	Tata Management Training Centre Pune-411 001 Ph: 665381/665472/660141	Tata Management Training Centre, Pune
4-6 July	**India and NRI's visions of a shared future**	NRI Investor Forum	The Taj Palace Hotel, New Delhi
5-7 July	**Increasing managerial effectiveness through understanding self**	Foundation for Organsational Research and Education Ph: 6863205	Adhitam Kendra, New Delhi

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SPEER 28 180 90

BUSINESSMEN IN THE NEWS

U.D.N. RAO

Indian Telephone Industries (ITI) has submitted a proposal to the Union government for setting up a facility for manufacturing chips. This project, to be set up in Bangalore, is expected to cost Rs.54 crore and will be split into two phases. The first phase will take three years and will cost Rs.19 crore. The second phase (cost Rs.35 crore) will take about 18 months. "Our state-of-the-art chips will be for in-house consumption as well as for the international market," says U.D.N. Rao, ITI's chairman and managing director. ITI also has plans of going into the manufacture of, among other products, cordless telephones and mobile radio systems.

M.J. PHERWANI

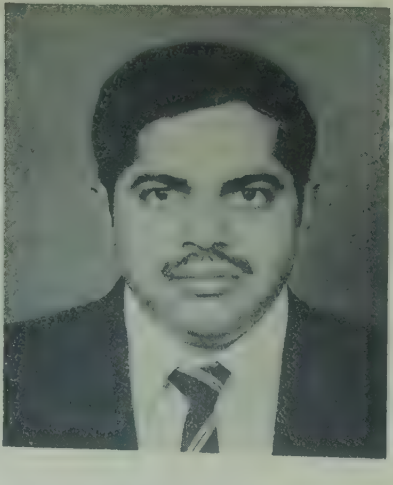
In his new avatar as chairman of Infrastructure Leasing & Financial Services Ltd (ILFS), Manohar J. Pherwani, erstwhile chief of the Unit Trust of India recently made his first major announcement. The occasion was the formal signing ceremony between ILFS and the Madhya Pradesh Audyogik Vikas Nigam Limited. The two have agreed to collaborate on setting up India's first commercial toll road, linking Indore and Rao to the growing Pithampur Industrial Estate.

The construction of this 11.5 km stretch should be completed in two years and ILFS reckons, it will take about eight years to recover costs (estimated: Rs.2 crore) through the tolls. As this is the first private initative in road building, Pherwani hopes to make it a "show piece" and is dismissive of government apprehensions about such private projects.

ASHANK DESAI

After eight years in the Indian market, Mastek, a leading software company, has now set up a 100 per cent EOU at SEEPZ in Bombay. Says Ashank Desai, managing director, "We wanted to explore opportunities for growth and have identified exports as one of the major avenues."

Mastek's services include readymade software packages, turnkey software development, and marketing of INGRES, a database management system. Among its clients are Hindustan Lever, RBI and Deepak Fertilisers.



Mastek will target exports at markets in Thailand, Singapore and the US, to which places they have already been exporting for the last two years.

ROGER COTTRELL

ANZ Grindlays recently launched its second India Investment Fund worth $20 million for subscription by non-resident Indians, institutions and others. Learning from its first fund experience of 1987, which was a joint venture with 3i plc, a leading British risk capital financier, Grindlays wishes to perform even better. The thrust area for fund raising will be the Middle East and the NRIs will save 10 per cent on capital gains tax, because of the double tax treaty between India and the Netherlands.

"The new issues market is the niche that offers exceptional returns," says Roger Cottrell, funds manager stationed in Delhi, "Our aim is to provide NRIs with our expertise and to take out all the investment hassles they face in the Indian market."

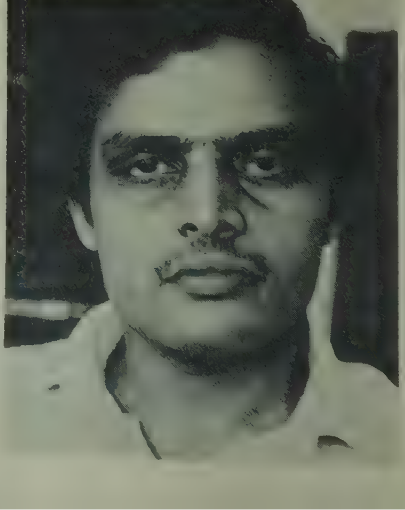
SATISH KINI

"Bringing productivity and efficiency into the Indian workplace is the sole purpose for setting up. The Source, says its director Satish Kini. Besides providing infrastructural facilities, the showroom aims to concentrate on providing office, automation machinery and a one-step shop for computer-related services. Started in January this year the showroom has already done Rs.75 lakh worth of business with clients like — Citibank, and Shampaklal & son.

Kini, 64, has an ambitious plan of reaching a turnover of over Rs.10 crore before the end of the year. Financial assistance is being provided by Shailender Mittal of Tradewings. The source is aiming for a manpower strength of 150 people and operations in 15 cities through showrooms, offices, customer service centres, training centres and CAD centres.

SYED ISMAIL

Sifa Sanpra Systems Pvt. Ltd., which entered the Indian market in 1989, has made a success of its Computerised Attendance Recording System (CARS), which electronically records, stores and updates data on attendance, leave and absences of employees. In 1983, Syed Ismail,



director, set up Sifa in Stuttgart, West Germany. "It was quite an experience cutting through red tape when we wanted to start in India," he says. With a client list that includes Raymond's, Cadbury's and GCEL, Sifa Sanpra is Ismail's second Indian venture — he has already started an EOU which supplies software for agricultural applications to West Germany. Each CARS unit costs around Rs.150,000 and Ismail also plans to venture into manufacturing fire alarm systems.

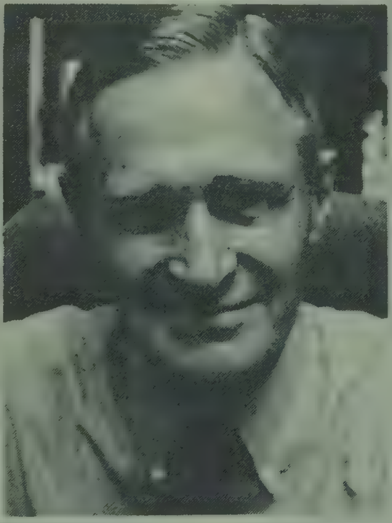
A.D. KRISHNAN

As the head of Kerala's only successful private pharmaceutical company, A.D. Krishnan has raised his company turnover from Rs.15 lakh to Rs.3 crore within a decade. Krishnan, a Ph.D in microbiology, feels it is now time to grow. Hence the move to make Vysali Pharmaceuticals go public.

"For a pharma company, depending on banks alone will not suffice, as continuous product development is needed to face the heavy competition," says Krishnan, who quit the research division of Hoechst to set up Vysali. So, to finance its expansion plans, Vysali, which manufactures life-saving antibiotics, will make a public issue by the end of this month. In spite of humble origins, Krishnan feels confident that his company will take off. "Remember," he says, "Ranbaxy, Lyka, Lupin and Cipla, all started as small companies."

JOHN ROBINSON

When the UN sent its peace keeping mission to Namibia last year, the shipment of cars, trucks and household goods was handled by the San Francisco-based Harper group (annual turnover; $400 million). Chairman and president, John Robinson says their global pipeline which moves freight, information and value-added services door-to-door internationally makes the group more than just a freight forwarder.



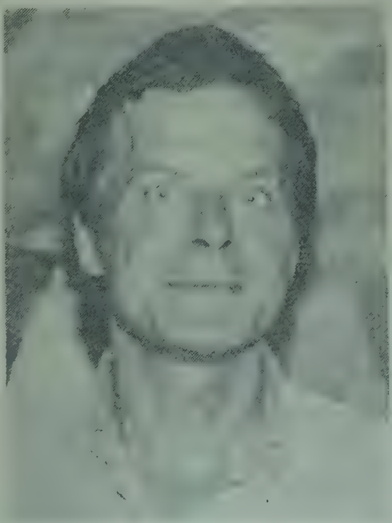
The Indian conduit of this pipeline is a subsidiary of Circle Freight International (USA), a division of Harper, which has been operating here since 1986. Starting out with air freight services, the company today has a five-branch Indian network and has been reporting 35 per cent growth every year. Needless to say, Robinson is convinced that his Indian operation holds out the most promise. And he was here recently to "reassure our people here of our strong support and trust."

DAVID ARNOLD

India is fast becoming a gateway for markets in southeast Asia. This is one reason why the US-based Kennametal Inc, a $480 million turnover multinational has promoted Birla Kennametal Ltd in India to manufacture tool holders, work holders and other machine tool accessories. Says David Arnold, vice president, Kennametal Inc., "With the promotion of this Indian company, we can cater not only to India's demands of machine tool industry, the tools can also be exported to other south eastern countries through our marketing offices at Singapore and Japan." Birla Kennametal, part of the Ashok Birla group and less than a year old, has already grabbed an export order from the US for specialised tool holders worth Rs.75 lakh.

BERNARD PERRIN

Take a whiff of this: it's a 'mysterious cocktail' of jasmine, rose, peach and sandalwood. And it's the first French perfume to be named after an Indian film star. Bernard Perrin, creator of *Parfums Zeenat Aman*, Paris, says it took all of two years to concoct but he's pretty sure its turned out a winner. With its musky, strongly oriental overtones, it is only natural that the primary market of this fragrance is the Middle East — it was recently launched in Dubai.



Perrin's plans can be measured by the fact that he's placed an order of one million bottles, designed by Crystal D'Arques of Paris. Next year Perrin hopes to introduce Zeenat to the Americans.

That will be the ultimate swift test which should decide whether Zeenat has the sweet smell of success.

ROBERT BISHOP

OMC Computers Ltd of Secunderabad has tied up with the US-based Silicon Graphics Inc., the pioneer and leading manufacturer of 3-D visual processing workstations to introduce the Omega Iris 4D/20 model in the Indian market. Says Robert Bishop, president, Silicon Graphics World Trade Corporation, "Indian mechanical CAD has reached a high degree of sophistication."

Besides mechanical engineering, the Omega finds use in around 500 other applications including medical imaging, fashion designing, molecular design and architectural design. OMC Computers has set up more than 2,000 computers in the country through its nine offices. The Omega, which retails for Rs.6 lakh per unit, can be installed within 20 minutes.

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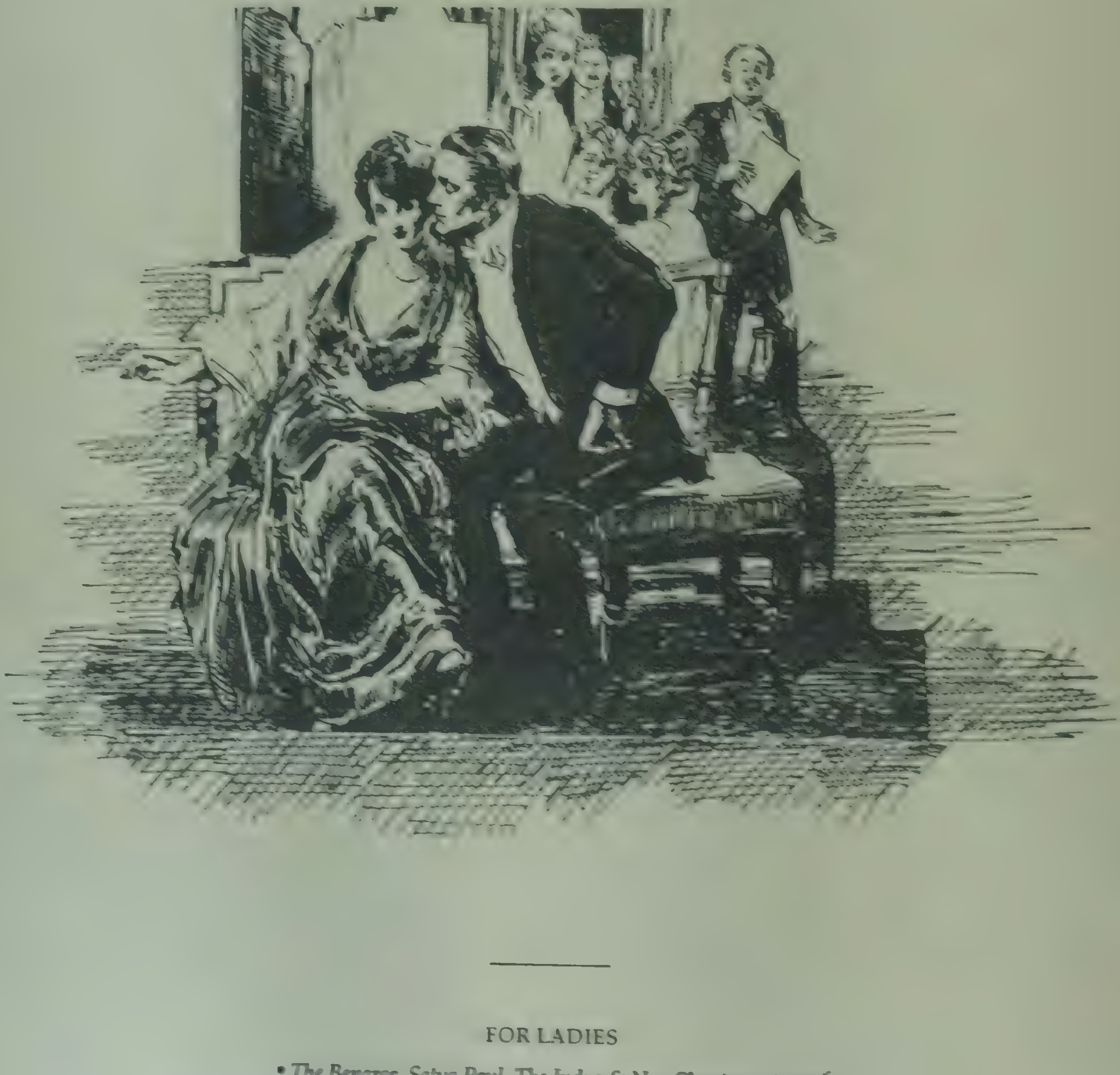

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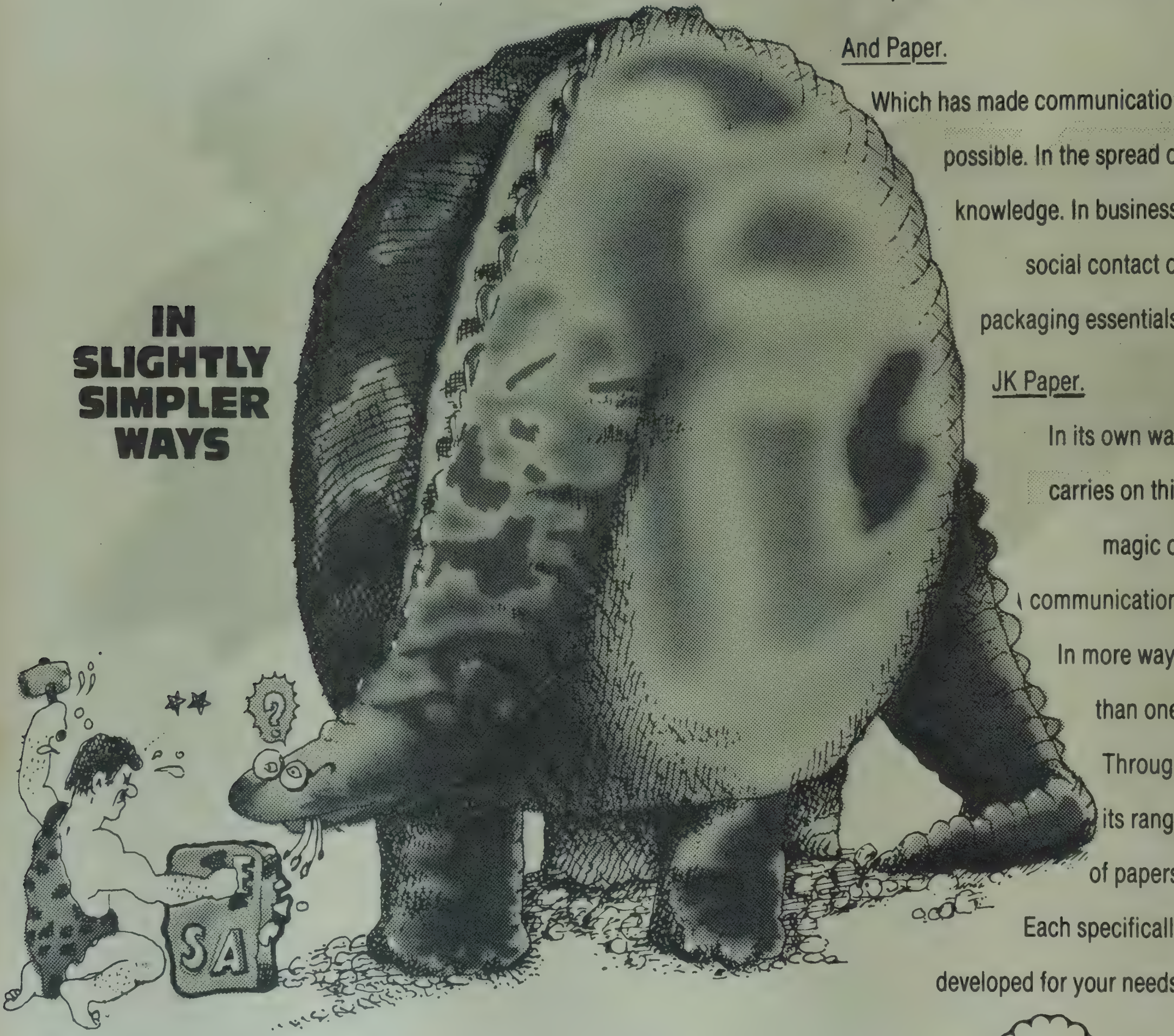

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SUGAR POLICY

Boon or disaster?

If the sugar industry is to be believed, the new sugar licensing guidelines announced on 1 June spell disaster for this sector. The government, however, claims that this policy will boost sugar production by triggering off a boom, besides ensuring better prices for cane growers. The truth probably hangs somewhere in between.

The new policy, designed to improve the state of the industry's economics, makes four major changes in the guidelines governing the licensing of new sugar mills.

- The requirement that a minimum spatial distance of 40 km (relaxable to 25 km in cases of higher productivity) be maintained between an existing mill and a proposed new one has been dispensed with.
- The earlier crushing capacity of 1,750 tonnes a day has been upgraded to a minimum economic size of 2,500 tonnes a day.
- Preference in licensing is to be given to proposals from the cooperative and the public sectors rather than to those from the private sector.
- Licenses are to be given liberally for the manufacture of industrial alcohol through the conversion of molasses, in a bid to boost production of the commodity and tap the buoyant export demand for the same.

The Indian Sugar Mills Association (ISMA) denounced the first of these changes as a "retrograde step" that would put the industry in "reverse gear". ISMA president Indubhai Patel, who is also chairman of the joint coordination committee of the National Federation of Cooperative Sugar Factories, has in fact challenged the assumptions on which the new policy is based and has accused the industry ministry of being "ignorant" of sugar industry realities.

The industry ministry's rationale is as follows:

- An increase in the number of sugar mills will help raise sugar production, eliminating the need for imports and, in fact, generating surpluses for export.
- At present, farmers have to wait long hours at factory gates before they can sell their cane crop. With more sugar mills competing for the available crop, farmers will be spared this harassment.
- In the absence of adequate sugar mills, farmers are forced to sell their cane crop to *gur* and *khandsari* manufacturers, who pay lower prices.

S.L. Jain: politics the only consideration

The sugar industry, however, challenges these assumptions. Says ISMA secretary-general S.L. Jain, "The government has taken only UP into account, while three quarters of the country's sugar production comes from states other than UP. Politics appears to have been the sole consideration behind the change in spatial norms."

Against recommendations. It has been discovered that the changes made in spatial norms run counter to the recommendations of a study group of the Reserve Bank of India and the Bhargava Commission (which had suggested increasing the distance to 50 and 60 km respectively). ISMA points out that 100 new sugar units involving a capacity of 3.2 million tonnes are already in the pipeline, while expansions involving an additional capacity of 2.2 million tonnes have already been licensed.

All this they argue, will soon result in over-capacity. Says Jain, "The mushroom growth of sugar mills in close proximity to each other is bound to cause sickness to both the old and new mills". Another argument put forth is that more mills don't necessarily mean higher sugar production. For example, in Maharashtra's Ahmednagar district, while the number of sugar mills rose from 13 in 1977-78 to 18 in 1988-89, production actually fell from 5.70 lakh tonnes to 8.92 lakh tonnes.

Industry observers however point out that the decline in cane production is a result of a complex interaction of several factors. Ahmednagar has had sugar mills since the thirties and the continued cultivation of sugar cane may have eroded the fertility of the area.

Jain also refutes the government's claim that cane growers are forced to sell most of their produce to *gur* and *khandsari* makers at low prices. "Western and central UP deal mostly in *gur* and *khandsari*, and it is only the residual cane that is used for sugar in this region," he points out. And Tilak Dhar, head of DCM's sugar mills division complains that the new policy "is very short sighted and is not in the long-term interests of anyone."

What can be said in the government's favour is the provision of certain safeguards. For instance, keeping the minimum economic cane crushing capacity at 2,500 tonnes a day. Secondly, relaxation of the distance norms can be made possible only by the cane commissioner of the concerned state who certifies the area as having the potential to support another mill, thus checking their mushroom growth.

The sugar industry itself has welcomed the liberal grant of licences for industrial alcohol. Says Jain, "This diversification into by-products is a positive step for the growth of the sugar industry."

Doubts remain. Several uncertainties however, remain. Will the projected increase in the number of sugar mills reduce each mill's extent of coverage in terms of acreage and farmer population, creating difficulties for cooperatives that raise share capital? Then again, the question of the proportion of output that is pre-empted by the government for levy sugar, and the related question of pricing are areas left out of the purview of the policy.

The relaxation of distance norms is just one ray that shines through dark clouds representative of problems. Sums up Jain of ISMA, "Overall, it is a liberal policy except for that one aspect. And we fail to understand what purpose will be served by dispensing with distance norms".

■ REENA PATNAIK RAO

WORLD CUP ADS

Phenomenal response

On 8 June in China Garden, Bombay's posh Chinese restaurant, 80 per cent of the reservations were cancelled; the live telecast of the inauguration ceremony of the World Cup 1990 was the reason for

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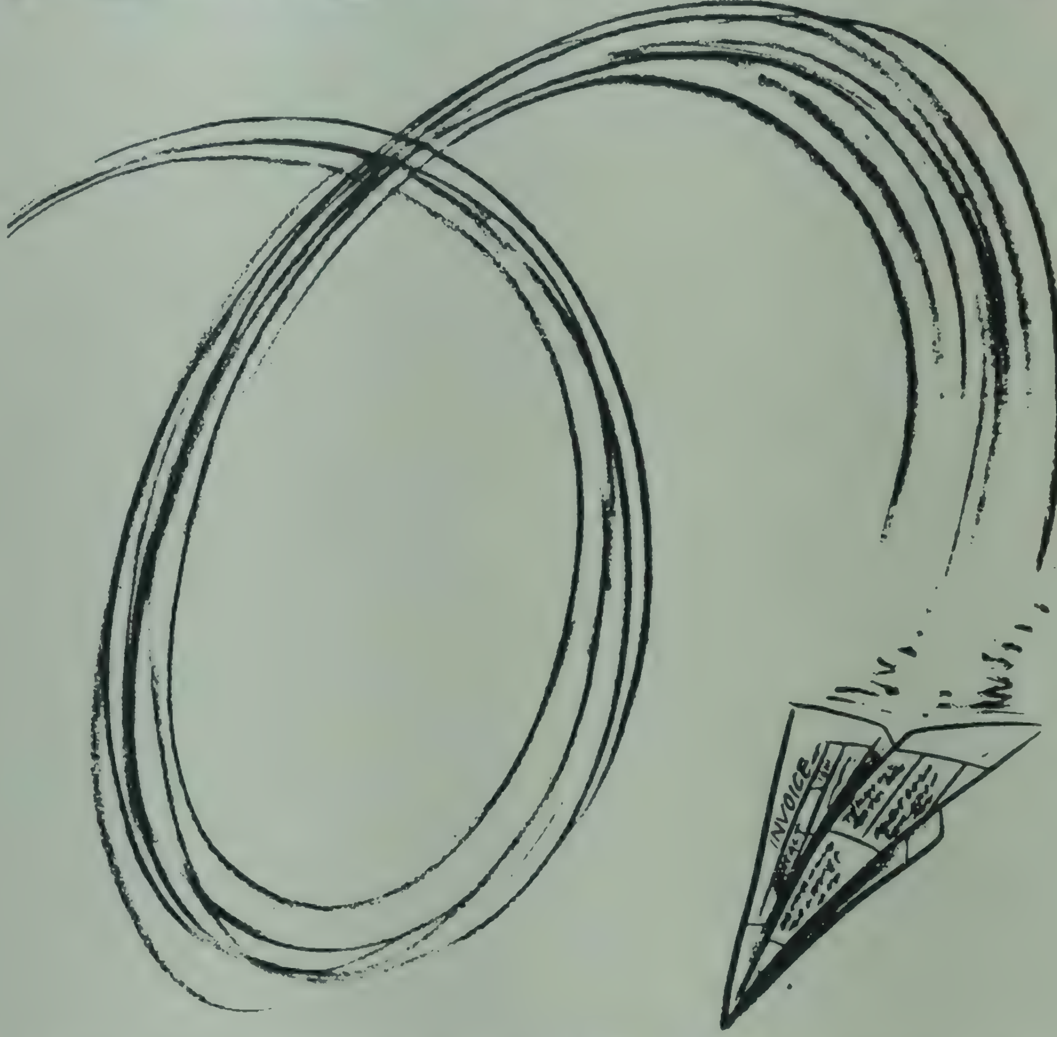

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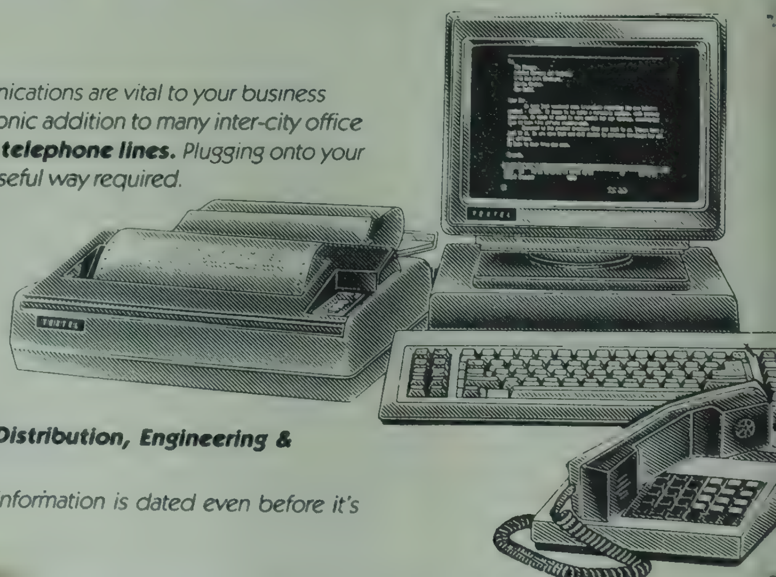

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HEADSTART/ITL/5200

this. When news of the cancellation reached J.R. Mulchandani, marketing manager of Bush, he immediately arranged for five Bush TV sets to be installed in the restaurant. Now customers stroll in after confirming that a TV set is installed in the restaurant, he added, and request that they be given a table which permits a clear view.

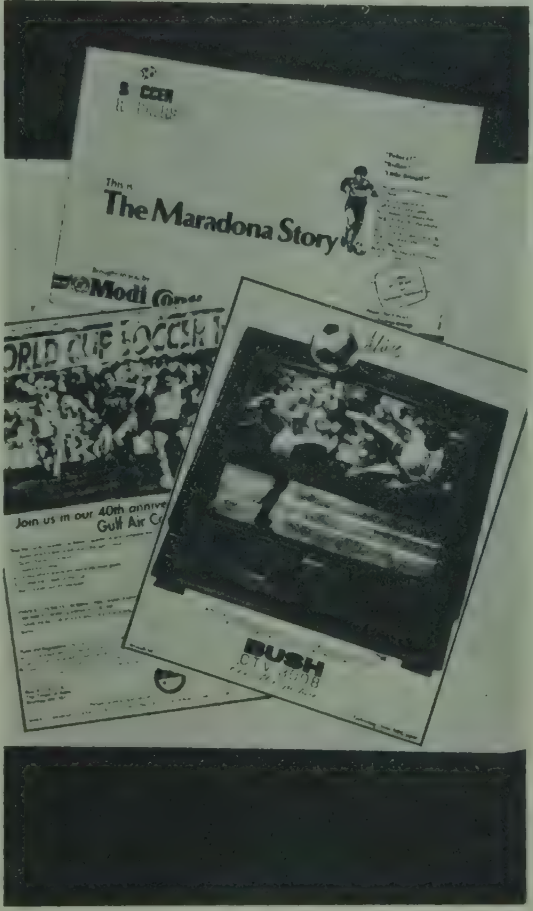
Doordarshan's live telecast of the matches has enabled millions of football lovers all over the country to watch their heroes in action, the 'glorious uncertainties' of the game adding to their excitement.

Positive potential. The action really began two months ago when a Doordarshan official personally apprised ad agencies of the potential of the World Cup. Realising that Doordarshan was serious about the telecast, the agencies persuaded their clients to release advertisements highlighting the event.

These took the form of a quiz, (Gulf-Air), an attempt to get entrants to write a punch line (State Bank of India, New Mutual fund scheme) a call for a detailed history of the World Cup (Videocon), posters of prominent players (Cadbury's and Nutramul) — each handling it differently, spinning a different text to draw the maximum attention.

Gulf-Air had the advantage of its fortieth anniversary coinciding with the event and its quiz offered a free ticket as the prize. A spokesperson of the airline says that the authorities felt "a sports quiz would enable the participation of the common folk and also help to draw the attention of non-travellers to the airline." Sameer Ambegaonkar, accounts director of daCunha Associates says, "the quiz coinciding with the major event helps to draw public attention to a relatively unknown airline, which otherwise would not advertise, constrained as it is by a small advertising budget."

Small companies are trying to make the best possible use of the event though they hadn't planned for it and it cuts into their budget. On the other hand large companies, which plan their advertising taking events like the World Cup or Wimbeldon tennis into account, are taking it easy, though even for them, it can prove expensive. According to Mulchandani, "Releasing advertisement, and sponsoring the 'greatest goal programme' has definitely increased our ad budget by 8 to 9 per cent." All the same, the response by consumers has been phenomenal. "The sales of TV sets in Calcutta has tripled says Mulchandani. And he hopes that by the end of June, sales all over the country would increase by 10 to 15 per cent.



Spate of ads: making hay while the sun shines

Free poster. Cadbury's has, on the other hand, segmented its advertising concentrating mainly on the East keeping the popularity of the sport in mind. With the purchase of each bar of dairy milk chocolate a free poster of a star footballer is being distributed. Vinita Bali, the company's marketing manager says, our regional promotion of the product happens to coincide with the World Cup."

As for sponsorship, most companies are interested in sponsoring only semi-final and final matches. ITC which has managed to grab sponsorship of the final match will spend around Rs.76 lakh on sponsorship of matches since the company alone has fulfilled the conditions of having booked advertisements worth over Rs.25 lakh on Doordarshan. Doordarshan is also likely to earn revenues (of Rs.2.7 crore) approximately from the sponsorship of the World Cup. But as M.S. Bedi, controller, sales Doordarshan points out, it will cost the network between Rs.3 to Rs.4 crore to actually telecast the series.

■ MAHIRA HASSAN ALY

TOBACCO EXPORTS

Time for action

Contrary to popular perception, the smoking habit is not dying in the international context, declares the Guntur-based Indian Tobacco Association (ITA). According to the ITA president P.S.H. Prasada Rao, the time is ripe for India to make a quantum jump in tobacco exports. Unmanufactured flue cured tobacco (FCT) which has tremendous export potential is grown mainly in Andhra Pradesh which accounts for 80 per cent of the production. The balance is grown in Karnataka.

Until a few years ago 60 per cent of the production used to be exported and 40 per cent was utilised in the domestic industry. The heyday of tobacco exports was in 1981 and 1982. Suddenly the Chinese and the Russians bought a lot of FCT from India, though both these markets subsequently collapsed. But, by then, many farmers, lured by the prospects of increased exports hiked tobacco production. By 1985, tobacco production increased to 165 million kg from the average 110 million kg.

Costs up. Unfortunately, an effective mechanism to protect farmers and traders during the period of surplus production does not exist. Nor has there been a need based production policy which would be effective in preventing fluctuation in crop size from year to year. This has led to unremunerative prices and subsequent slump in production. "To make matters worse, the input costs for tobacco harvesting went up, and the government still insisted on a minimum export price (MEP). It is very difficult to negotiate a better price with importing countries when they know that there is an MEP," says Prasada Rao.

Although the ITA has been clamouring for cash compensatory support (CCS) for tobacco exports for years, the government yielded and gave a 5 per cent CCS only from October 1988. "This has already produced positive results. We now have the incentive to find new tobacco markets," says Prasada Rao.

In the last decade when there was no clear cut policy on tobacco exports, countries like Brazil, Italy and Malawi increased their exports considerably from the earlier negligible quantities.

India basically produces the filler type of tobacco, which is harvested by very few countries in the world. Therefore the ITA has worked out certain strategies to cap-

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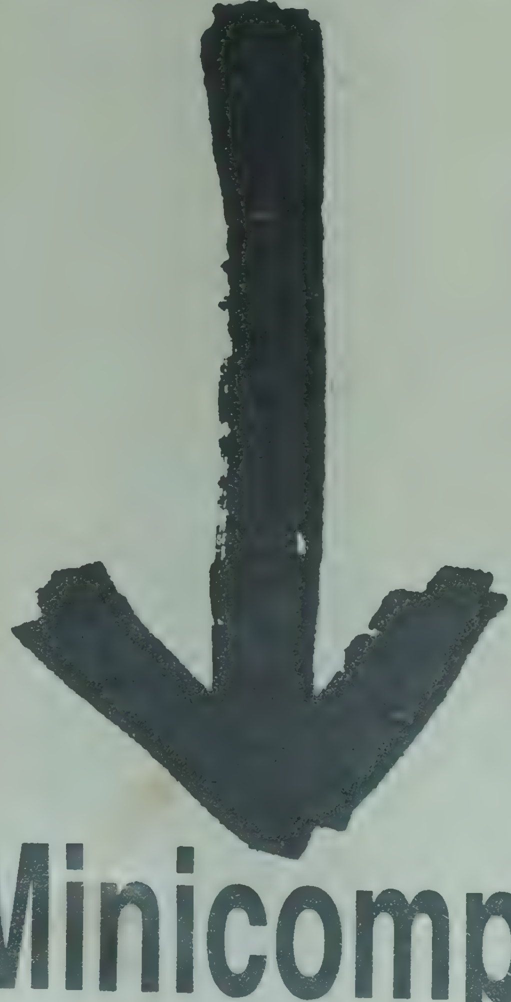

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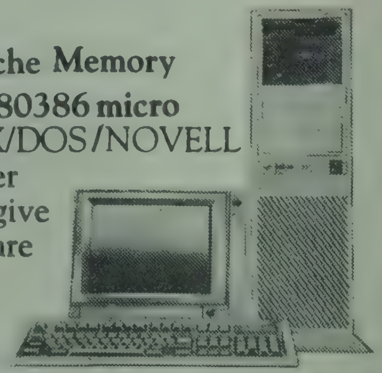

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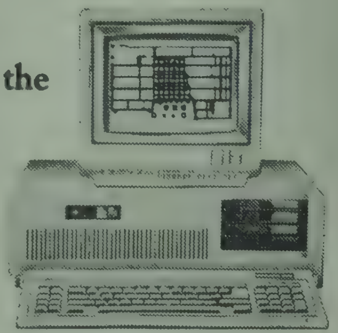

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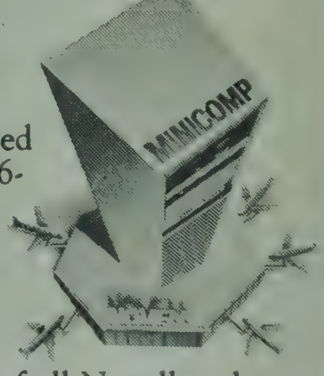

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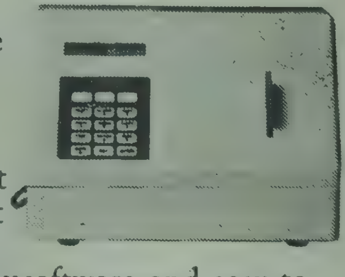

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CANCO/MC

Tobacco being cured: more markets required

ture new markets and compete with the countries which have recently made inroads.

According to the ITA, the government should consider increasing the MEP to a realistic level and the CCS from the current 5 per cent to 10 per cent. It should simplify import of cartons on advance licences. The government should also help work out various strategies for entering markets like Algeria, Tunisia, Morocco, and Iraq. The Exim Bank should start extending credit for tobacco exports as well. "In fact we can export 4,000 tonnes of tobacco to Iraq if the bank would help us," says a tobacco exporter.

Tobacco Board's 'failure'. What most exporters feel is that the Tobacco Board has failed to look after the interests of growers, traders and exporters. Says the exporter quoted earlier, "The board is headed by bureaucrats who are averse to taking certain risks which are necessary for this trade. The board has also become hopelessly political with no real representative of the trade in it."

The association would like to set up a tobacco stabilisation corporation to regulate production and consumption and ensure remunerative prices to the growers. This corporation would consist of growers and traders who are overseen by the government. "We visualise it as a self financing body which will be an organisation of our own", says Prasada Rao. The ITA believes that without such a corporation of its own, it would be difficult to exploit increasing opportunities.

■ SUSHILA RAVINDRANATH

CARGO CLEARANCE

Total disruption

Clearing agents at Sahar airport's cargo complex and at the city's port are doing a balancing act between the customs authorities and shippers. It all started when the Central Bureau of Investigation (CBI) began a probe into the assets of certain customs officers in the second week of this month.

It was the sixth time in six months that such investigations had been carried out. The premises of more than a dozen officers were searched. According to A.L. Verma, superintendent of police, CBI, only four cases have been registered so far. But subsequently, from 4 June, 30-odd appraising staff of the customs at the Sahar air cargo complex went on a go-slow agitation. This resulted in slowing down the clearance of cargo. In the meantime, a similar slowdown of cargo clearance has begun to affect Bombay port.

Although the All-India Customs Association denied any go-slow tactics as a sequel to the raids, clearing agents point out that the symptoms of the agitation are clear. The shipper wants his goods cleared fast to meet his export commitment and the customs scrutinise every document, 'word by word', delaying clearance substantially. "We are caught between the devil and the deep sea", says a spokesman for the Bombay Customs House Agents Association (BCHAA).

Tight spot. Finally the agents went on a three-day strike disrupting clearance totally. Says K.V. Menon, manager, exports and cargo, of Air-India, "The situation had come to such a pass that Air-India had to embargo storage of import goods, as its warehouses were full." Subsequently the strike was called off following a meeting between the agents and customs authorities, where it was decided that work would be speeded up by the appraisers.

However, according to a spokesperson of the Apparel Export Promotion Council, the problem still exists. The spokesperson points out that presently documents are scrutinised according to the letter of the law causing inordinate delays. At the airport complex only 200 bills are cleared as against the 400 earlier. "Consequently the already slow clearance has further slowed down," agents point out. Even though Air-India lifted the embargo after the agents called off their strike and the import cargo started moving, export cargo continues to pile up. Shippers deliver their cargo to agents but as the clearance takes longer, goods have started to pile up at the agents' godowns. Says a BCHAA spokesperson, "If the crisis is not reversed, in a short while our godowns will get clogged."

The situation is no better at the port. George Mampilly, docks manager, Bombay Port Trust, points out that while normally 40 to 50 export documents are cleared, this has now come down to between 10 and 15. Delivery figures of imports have also dropped by 50 per cent. Due to this delay, shippers have had to pay a penal rate of demurrage.

A pretty package. This has resulted in a peculiar situation. At the airport, the demurrage rate is Rs.177 per tonne. Consignees of cargo, to avoid incurring heavy demurrage, have had to pay appraisers even higher amounts of 'speed money' to clear their goods. According to an agent, "the amount ranges now from Rs.1,000 to Rs.10,000."

Interestingly, the customs officials, it is learnt, will wear black armbands, if raids by the CBI do not stop. Further, they will resort to direct action if this and the slowdown fail to stop the raids. However, officials at the Collectorate of Customs when contacted refused to comment.

If the customs appraisers resort to direct action, Indian exports and imports are likely to be substantially affected, as Bombay handles a major chunk of the cargo. Which means, a trying time for importers and exporters lies ahead.

■ GEORGE ALBERT

NFDC

Fair showing

April 1990 saw the National Film Development Corporation (NFDC) complete its first decade of operations — a decade that saw tremendous upheavals in the Indian film industry. NFDC representatives are all praise for the corporation's success in its role as guardian of the aesthetic and commercial interests of the parallel cinema movement, and also as an interface between film producers and government.

Comments Malati Tambe Vaidya, ex-managing director of NFDC, "While its objectives are diverse in nature, the focus has always been more on developmental activities. It is therefore more reasonable to gauge NFDC's performance by the success and critical acclaim achieved by the films it has financed than by the figures in account books." NFDC had grossed Rs.272.10 lakh in 1988-89, up from Rs.61.41 lakh in 1980-81.

Impressive list. The corporation has, over the years, established itself as an organisation that extends financial support for production of quality films. The list is impressive, and includes films like *Ganashatru*, *Piravi* and *Mirch Masala*. Though the corporation finances less than 2 per cent of the feature films in the country, it has a representation of over 30 per cent in the Indian Panorama and several international film festivals. NFDC first struck gold with its foreign co-production: Richard Attenborough's *Gandhi* which, apart from its haul of eight Oscars, continues to bring in valuable foreign exchange. It brought in Rs.12.87 lakh during 1988-89. Mira Nair's *Salaam Bombay* was another recent success.

The corporation has indeed come a long way since its inception, subsequent to the amalgamation of the Film Finance Corporation (FFC) and the Indian Motion Picture Export Corporation (IMPEC) in 1980. It started with part financing of famous films like *36 Chowringhee Lane*, *Rao Saheb* and *Ardhsatya*. During the decade, loans aggregating Rs.64 lakh were disbursed by NFDC; recovery has been at 71 per cent.

Lately, NFDC has begun 100 per cent financing of films by reputed film makers like Satyajit Ray, Govind Nihalani and Gautam Ghosh. "The 100 per cent financing scheme has generated better profits," says Tambe Vaidya. Under the old loan scheme, profits were taken by the film makers after the repayment of loans. But now, under the 100 per cent financing scheme, profits, as well as losses, go to NFDC.

NFDC-financed films: rising acclaim

NFDC acts as the main canalising agent for the export and import of films. On the export front, the corporation has been able to successfully stem the declining trend of exports. In fact, in 1988-89, exports touched an all time high of Rs.15.2 crore under the corporation's guidance. Govind Nihalani, noted film maker says, "NFDC's move to tap non-traditional markets like Kenya, China and continental Europe hold out hope for us."

Considerable criticism. One activity for which the NFDC has drawn considerable criticism, both within the industry as well as outside it, is the import of NRI films, many of them quite sub-standard. Says Nihalani, "Though NFDC earns around $10,000 per NRI movie, which helps in increasing funds, I am sure that they can survive without importing these pot boilers."

Noted film maker Shyam Benegal, who also served on the NFDC board for six years says, "NFDC has acquitted itself creditably in the areas of film financing and development. Its failure lies primarily in the area of marketing and distribution." This view is shared by many film makers.

Most commercial film makers complain that NFDC is a bureaucratic hindrance and that it does little for them beyond canalising raw stock. In fact Amit Khanna, producer and industry spokesman, goes so far as to say that "NFDC's success has been more by default than by design". He is of the opinion that most NFDC films have succeeded more because of the film makers' creative abilities rather than the corporation's marketing efforts.

Ravi Gupta, general manager of NFDC, is fully conscious of the limitations of his organisation. We badly need more mini theatres with a capacity of 400 to 600, for exhibiting low budget, high quality movies." Since it all boils down to a question of funds, NFDC is currently exploring ways and means of increasing its revenues.

One such is its sub-titling centre in New Bombay. The centre has been doing good business and has, in fact, helped to save as much as Rs.2 crore in foreign exchange so far. In addition, NFDC hopes to find commercial success with its efforts at video production and marketing. Here, however, the corporation will have to work overtime to stay ahead, unsuccessful as it has been in its battle against video piracy so far.

Other proposed developmental projects include the Film Clinic. Here, a photoguarding technology is used to preserve "cultural heritage on celluloid". The clinic has its own video studio.

All said and done, NFDC has come through the eighties with a fairly respectable showing. But, if the rapid changes that overtook the film industry in that decade is anything to go by, NFDC has its work cut out for it in the nineties. ■

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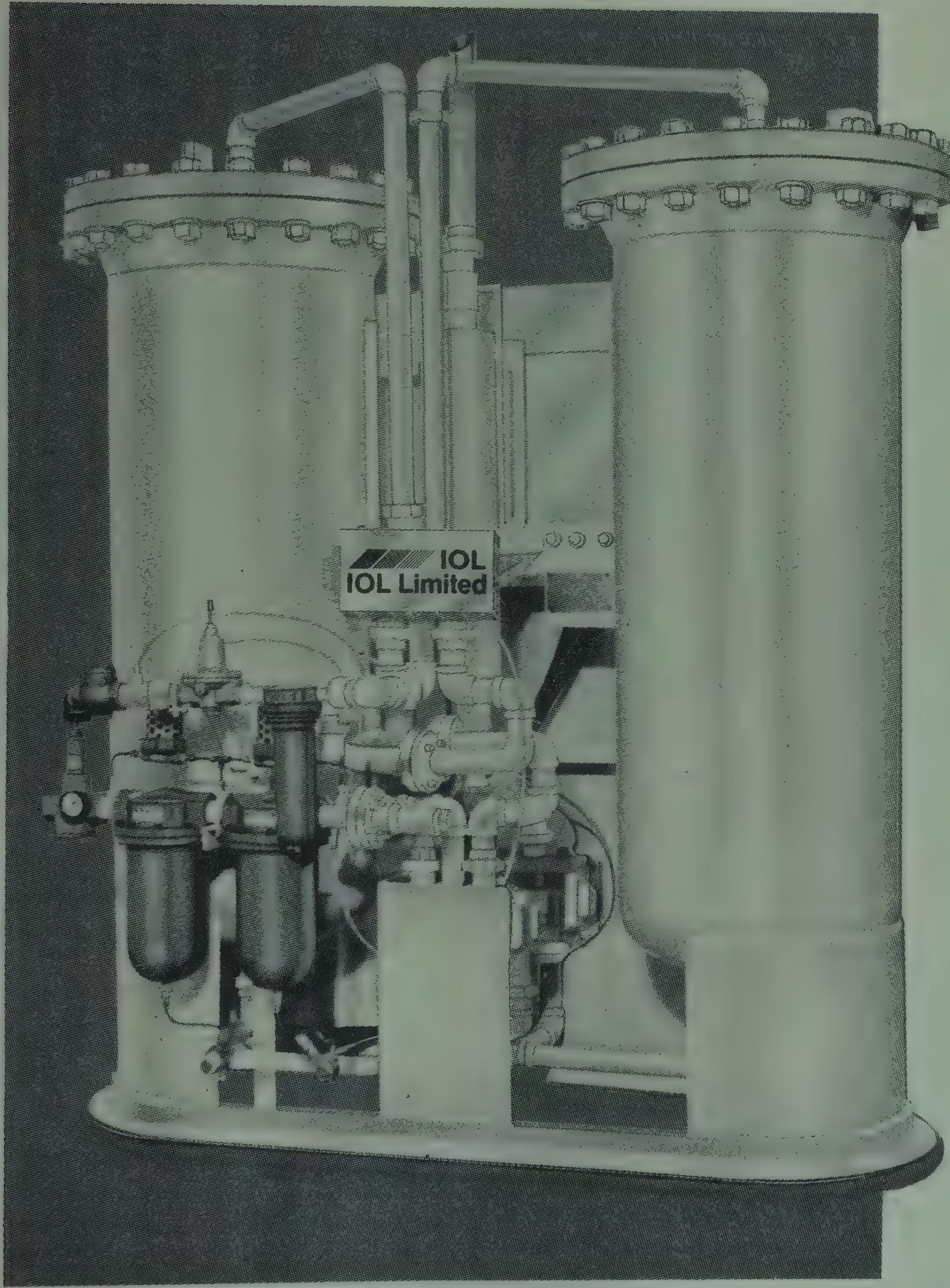

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PEICO

So far, so good

"Nyet, Nyet, Nyet!" is what Jan Bergvelt, managing director of Peico, said when asked for the umpteenth time whether there was an attempt by Philips NV to sell its stake in the company. Bergvelt's confidence is buoyed by a sharp turnaround in the company's performance, the outcome of a series of steps that the management took last year (see *Business India* 4 September, 1989).

The profit after tax of Rs.3.23 crore, which Peico Electronics and Electricals Ltd made in 1989-90, appears enormous when viewed against the loss of Rs.13.48 crore the company made the previous year. But this is a trifle deceptive. Last year's loss was due to the company's decision to write off a massive Rs.11 crore in inventories and Rs.5.3 crore of doubtful debts. The actual operational loss was only Rs.70 lakh.

Bergvelt and Ghosh: good management alone was responsible for turnaround

J BERGVELT
D N GH

The massive write-offs were an attempt to clean up the company's balance sheet and the effort has been continued. This year, for instance, the company has provided Rs.7.06 crore as provision for past gratuity. "I am proud that our auditors have this year felt it unnecessary to qualify the accounts," says Bergvelt.

Sound management. Bergvelt and chairman D.N. Ghosh ascribe the turnaround of the company solely to adherence to the rules of good management. Bergvelt sees the genesis of the company's problems in its immense profitability in the early eighties. Cossetted by its good fortune, the company grew flabby; unprepared to meet increasing competition, it began to haemorrhage. Its borrowings, interest costs and outstandings from debtors began to grow unmanageable.

What the present management has attempted to do is bring these under control. After writing off dead stock last year it has attempted to tailor production to meet demand, thereby preventing the accumulation of excess stock. For example, stocks of finished goods as a percentage of sales has declined from 13 per cent in the previous year to 10 per cent last year. Over the last year Peico shut down its floppy drive unit in Bangalore and its telecommunications division, both of which were floundering. It has attempted to restructure its borrowings to lower its interest costs, and, finally, it has become a leaner organisation as a number of its employees have agreed to accept its voluntary retirement scheme.

Some progress has been made in each of these areas, but the impact should be more visible in the future. Interest costs have not declined appreciably in the current year. The company has managed to secure a Rs.12 crore loan from its parent company. Not only does Peico not have to bear the exchange risk for the loan, but it does not have to pay any interest for two years and for subsequent years the interest rate is 7 per cent. The loan from Philips NV, coming at a time when that company's profits are under pressure, can only be an indication of Philips's long term commitment to Peico.

Paring staff costs. But as Peico received the loan only in October last year, the full advantage of this interest-free loan was not reflected during the year. Peico also reduced its high cost bank overdrafts, from Rs.42.01 crore to Rs.12.14 crore, while increasing lower cost loans from financial institutions from Rs.4.53 crore to Rs.14.38 crore. The company is also beginning to pare down its staff costs. During the course of the year the company sold property and booked profit of Rs.9.74 crore. It used this in part to fund its voluntary retirement scheme, which cost it Rs.5.34 crore.

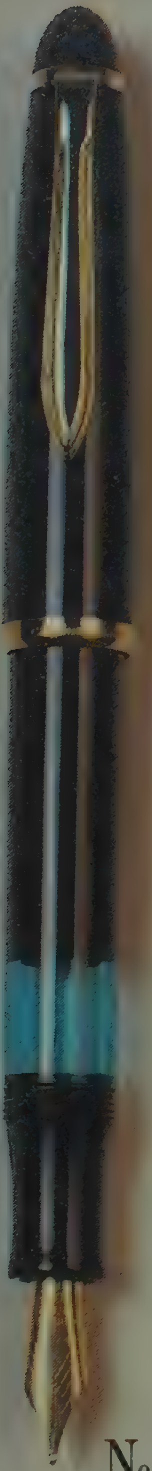
Between 31 March 1989 and 1 April 1990, Peico's staff strength declined from 8,937 to 8,095 on account of retirements, resignations and accession to the company's voluntary retirement scheme. Both Bergvelt and Ivan Mathias, director (personnel), compliment all the unions for encouraging staff members to accept the VRS package.

While the company's labour relations appear to be under control, two of its product groups need to improve their performance considerably. The company's professional electronics division (which contributes about 8 per cent to its turnover) continues, according to Bergvelt, to use more working capital than it should. What is hitting the company badly however is its poor performance in the colour television market. The company's Salt Lake plant at Calcutta, which has a capacity of 100,000 sets per annum, produced only 30,000 sets last year.

Production sharing agreement. What Peico has attempted to do is work out a production sharing agreement to improve capacity utilisation. Several business houses including the Tatas, the Dhoots of Videocon, the RPG group and the Thapars are being talked to. But observers are sceptical about any such move. They point out that Peico's high overhead costs ensure that the cost of its products, to a collaborator, would be high unless Peico is willing to sell under cost. Whether an agreement can be reached remains to be seen but, at worst, Bergvelt maintains that the company could cope with an underutilised plant.

The company's lighting division is faring well, in part because several major competitors have been producing less than they normally do. But the company's audio division is likely to come under increasingly severe attacks from competitors like Videocon, BPL and Bush. How well the company manages to meet these challenges will determine its future.

■ EAPEN THOMAS



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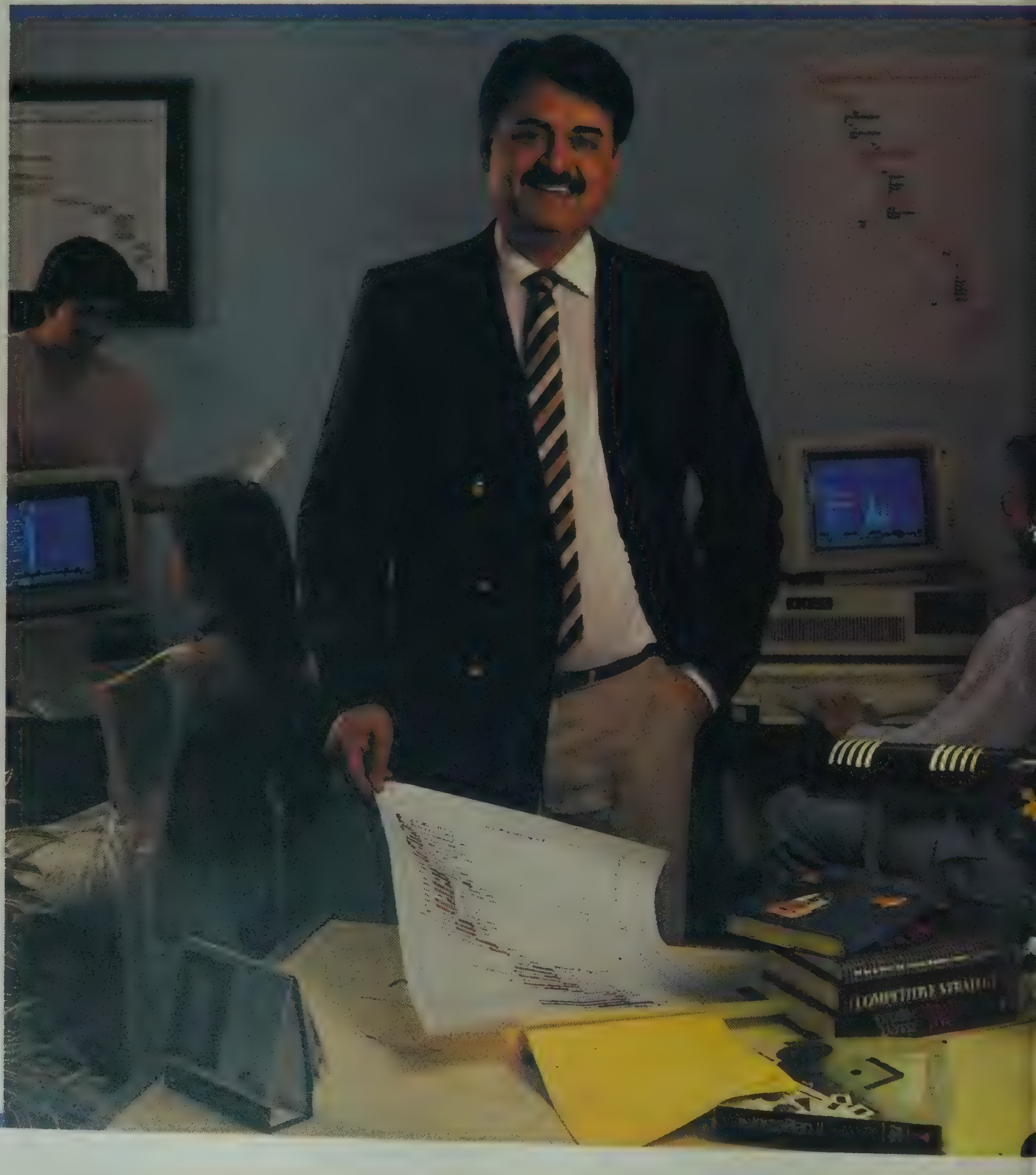
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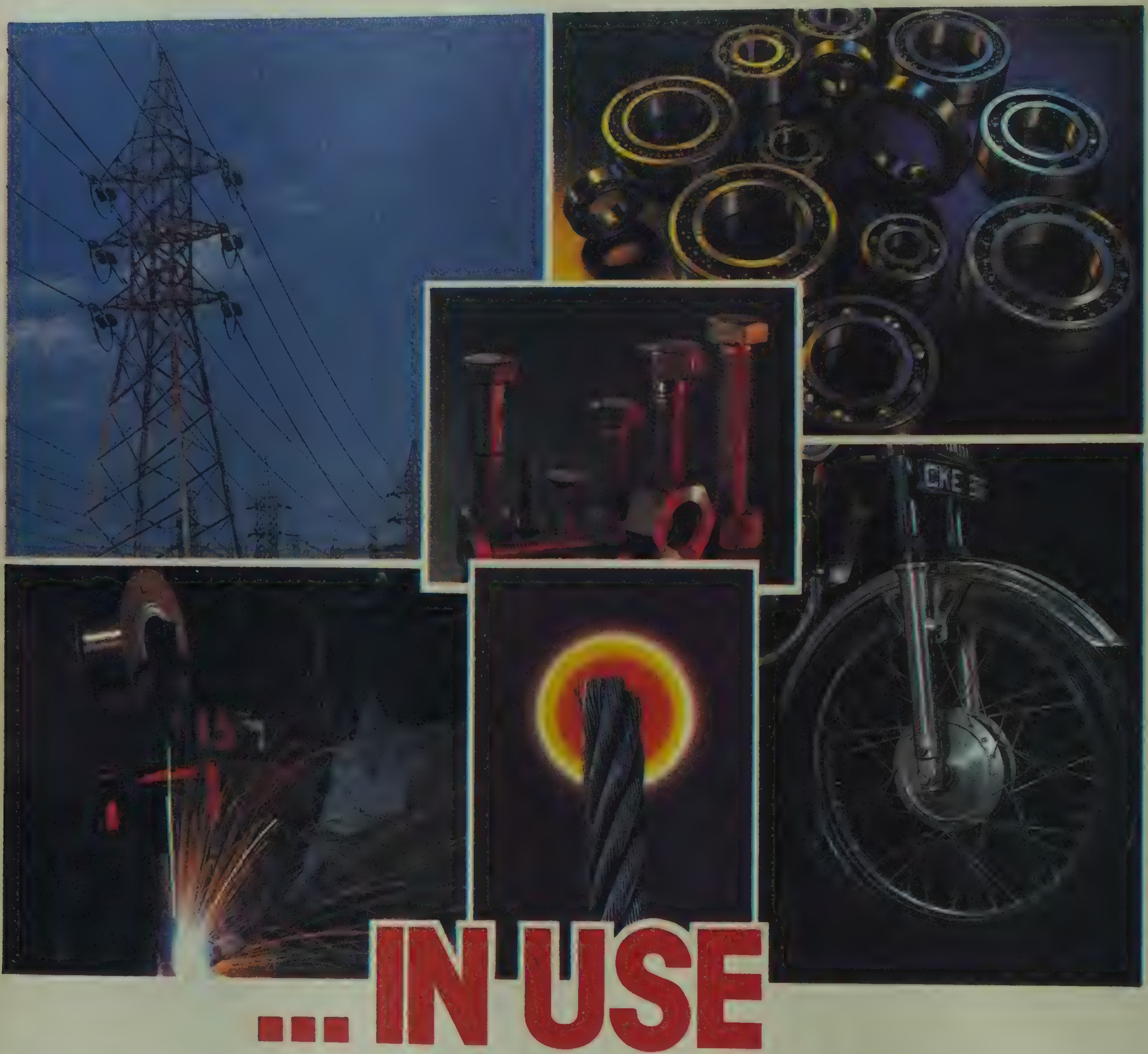

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MAA COMMUNICATIONS 1130

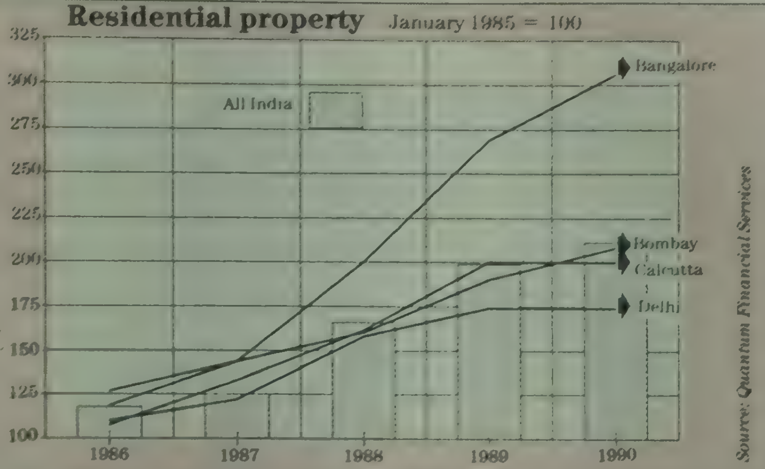
Bangalore still booming

An analysis of current trends in property markets in four major cities. Residential property has broadly followed the trends set by commercial property (see *Business India*, 14 May 1990). Thus, Bangalore remains the highest gainer over the last few years, the rapidly growing garden city has a cost of living lower than that of Bombay and also the advantage of land and accommodation being available at realistic prices. This has led to a large scale influx of population, thus causing a direct jump in prices. Currently, small projects in central Bangalore command prices averaging Rs.800 per sq foot while suburban areas command rates of about Rs.450 per sq foot. It has also been established that two bedroom flats of 800 to 1000 sq foot are the most sought after.

Prices in Bombay have appreciated enormously at select growth areas like New Bombay, Versova and Thane (all suburbs or outskirts). In south and central Bombay the rise has been comparatively minimal. Construction activity in south Bombay — the focus of most commercial activities — is nearly at a standstill due to non-availability of land. Developers have therefore had no option but to shift to the suburbs and outskirts of the city.

A subdued industrial climate, inadequate power supply, congestion and general uncleanliness have led to low investments in Calcutta, though, for the very same reasons prices have remained depressed in the city. The good news, however, is that the industrial climate has improved of late and the future does look bright.

Residential property markets in Delhi have not been overly fancied. However, a massive influx of Kashmiris and Punjabis trying to relocate themselves, away from their politically turbulent home towns, has caused a rise in demand. Delhi, being the closest metro, and having the capacity to spread outwards, has had to absorb most of the influx. The demand is mainly from the salaried class and currently, the market for premises of value less than Rs.10 lakh is on the upswing.


Residential property January 1985 = 100

Source: Quantum Financial Services

Wholesale price index: There has been a sharp increase in the price of primary articles, by a hefty 3.2 per cent, in the month to 26 May 1990, largely because of a rise in the price of cereals. The index of manufactured products on the other hand has increased only marginally. On a year-to-year basis the price trend for all commodities is about the same as last year.

(1980-81 = 100)

	26 May 1990	21 April 1990	27 May 1990	% change over month	year
All commodities	174.4	172.4	160.8	1.1	8.4
Primary articles	175.1	169.6	159.1	3.2	10.0
Manufactured products	175.7	175.3	162.8	0.23	7.9

Money and banking (scheduled commercial banks): Aggregate deposits are marginally up by 0.25 per cent in the month under review. There is a sharp decline in bank credit by 1.1 per cent during the same period. But food credit has increased by 44.5 per cent because of large procurement of foodgrains to build up stocks.

(Scheduled commercial banks)

	1 June 1990	2 May 1990	2 June 1989	% change over month	year
Broad money (M3)	237366*	236439†	199358‡	0.37	19.0
Aggregate deposits	170626	170193	144825	0.25	17.8
Bank credit	104275	105460	87349	– 1.1	19.3
Food credit	3688	2551	1556	44.5	137.0
Credit/deposit ratio	61.11	61.96	60.31		

18 May 1990; † 20 April 1990; ‡ 19 May 1989

Bullion prices and stock market index: The price of gold (standard) has been steadily declining because there are expectations that the government will take measures to augment legitimate supplies. The prices of silver, on the other hand is relatively stable.

	16 June 1990	18 May 1990	17 June 1989	% change over month	year
Gold (Bombay)	3320	3465	3085	– 4.2	7.6
Silver (Bombay)	6815	6768	6659	0.6	2.3
BSE Index (1978-79 = 100)	785.75	767.02	724.04	2.4	8.5

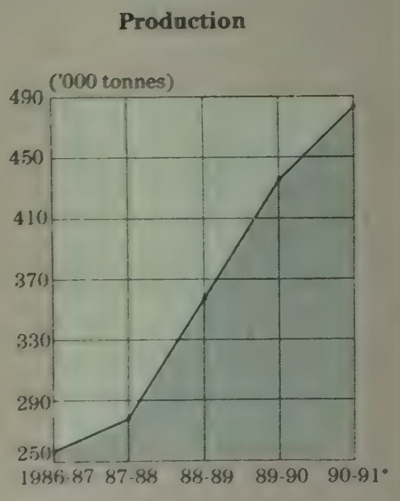
Price of gold in rupees per 10 gm and silver in rupees per kg

Commodities brief — aluminium

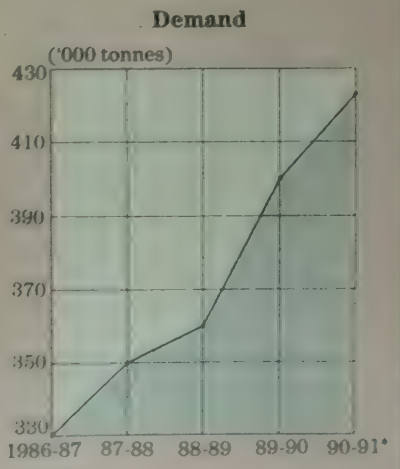
India is endowed with large bauxite reserves of 2,650 million tonnes, which is one of the largest in the world. There are two large manufacturers of aluminium in the public sector and three in the private sector. From 1 March 1989 the industry was decontrolled vis-a-vis prices and distribution. In recent months there has been a rising trend in aluminium prices. The outlook for the industry is encouraging.

Demand for aluminium in recent years has outstripped production. In 1989-90 however, there was a small surplus of around 35,000 tonnes. The surplus is expected to increase in 1990-91, but to decline thereafter. In fact, it is expected that there will again be a deficit by 1994-95, which will have to be met by imports. Presently, surplus aluminium is being exported and foreign exchange to the tune of Rs.273 crore was earned in 1988-89.

Aluminium production had been stagnant for a long time and has finally come into its own. Since 1988-89 production has been increasing steadily and it is slated to cross 550,000 tonnes by 1994-95. The slow growth of the industry in the eighties was due to inadequate power supply and high input costs.


Production

*Expected


Demand

*Expected

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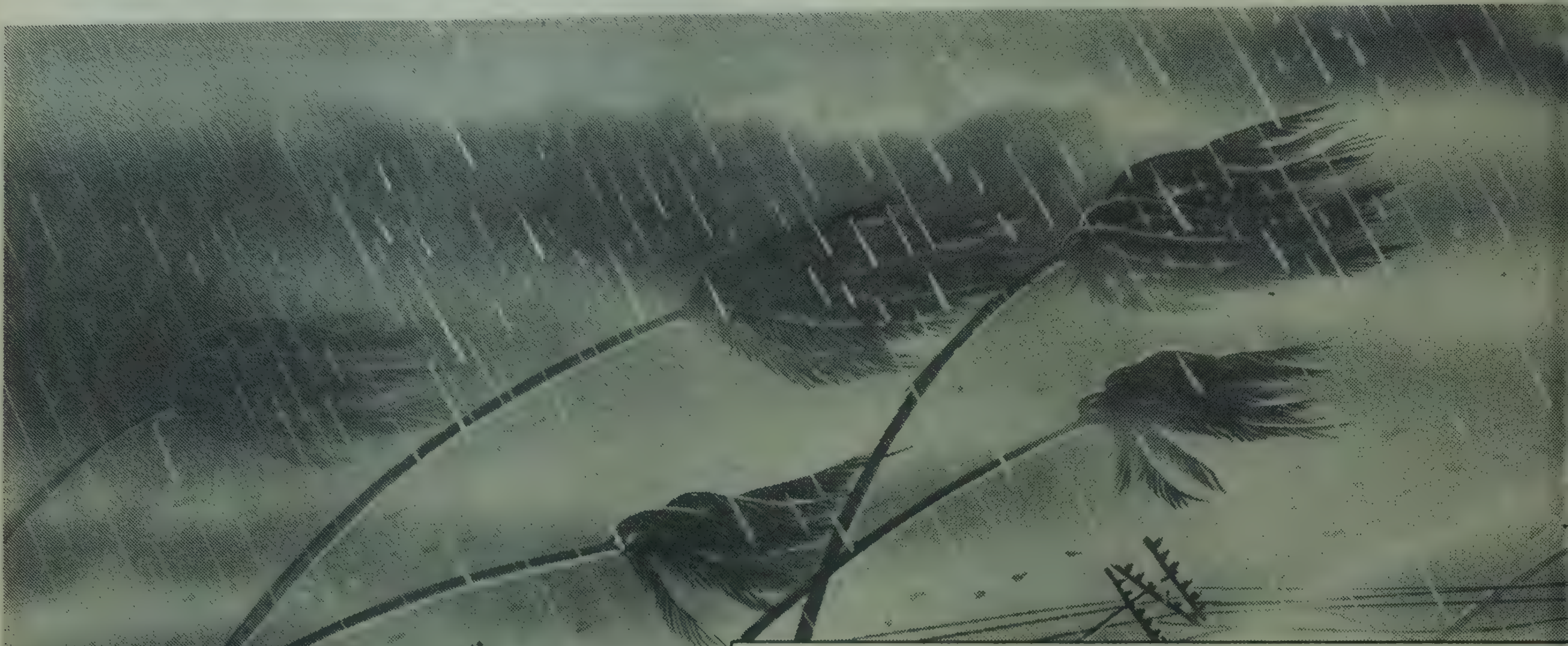

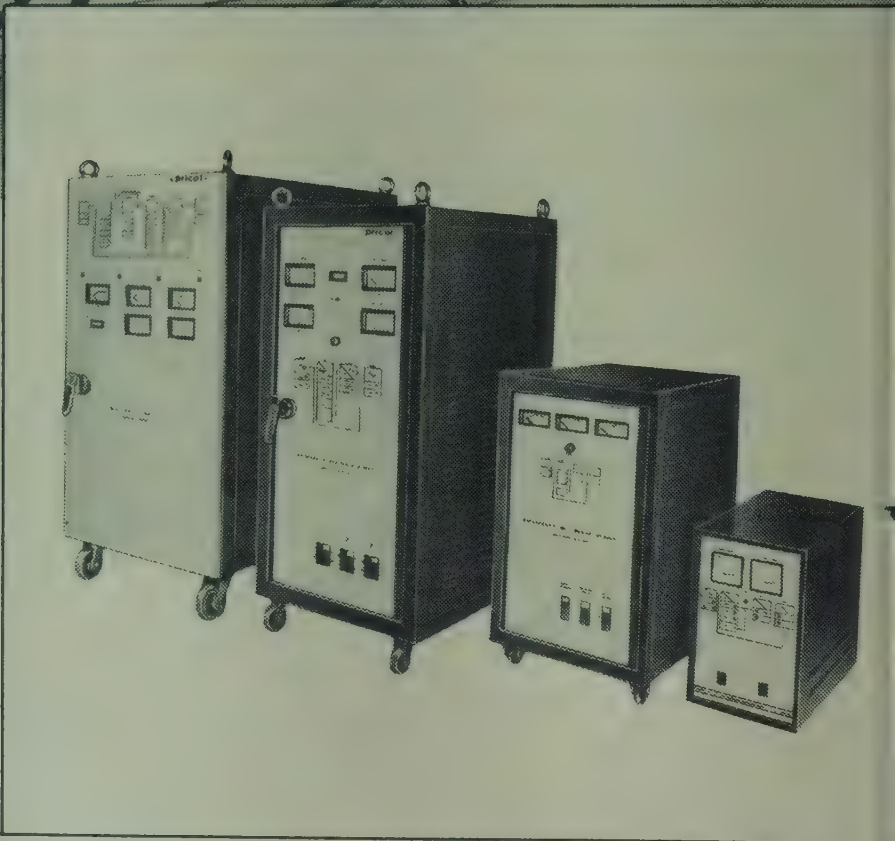

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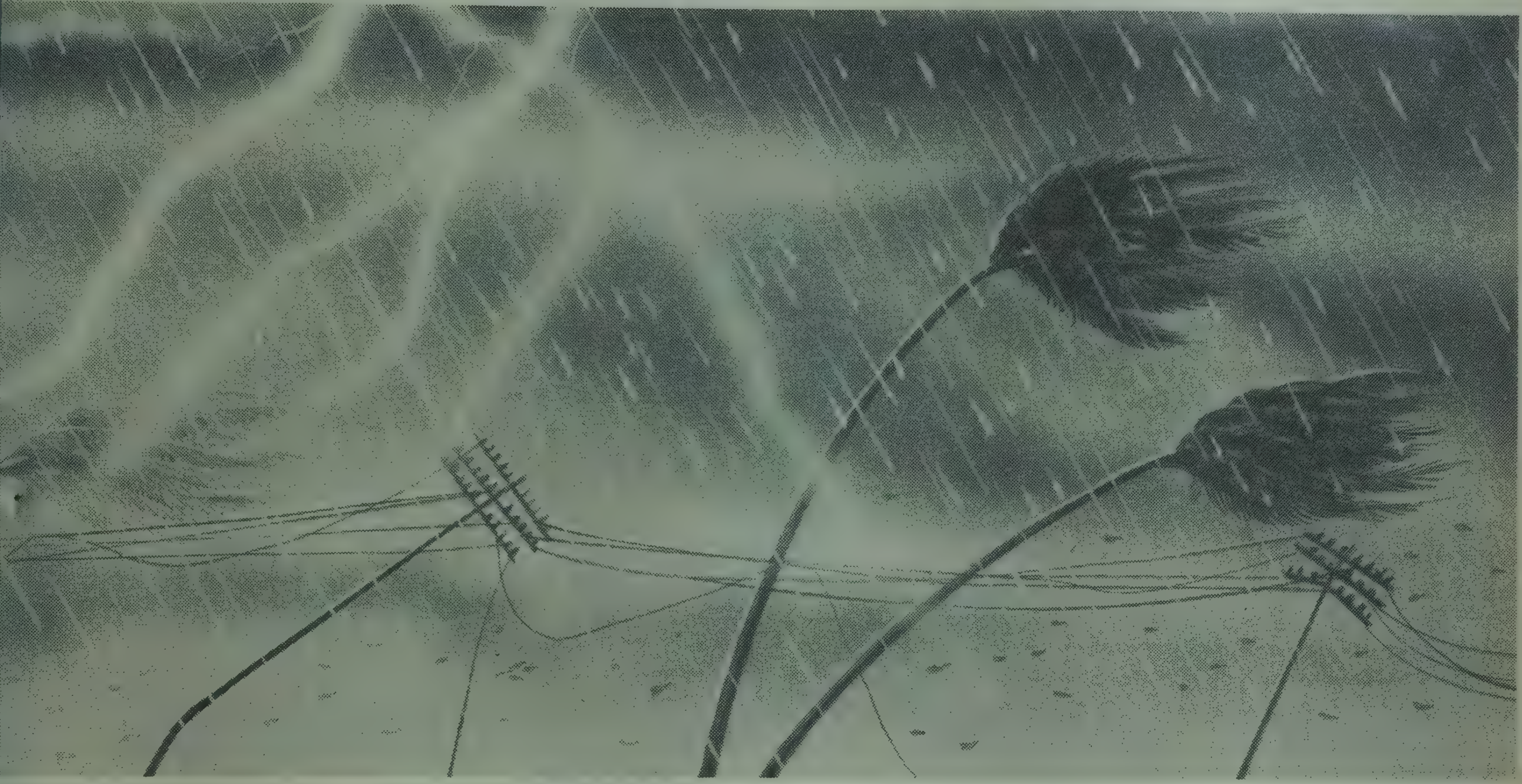

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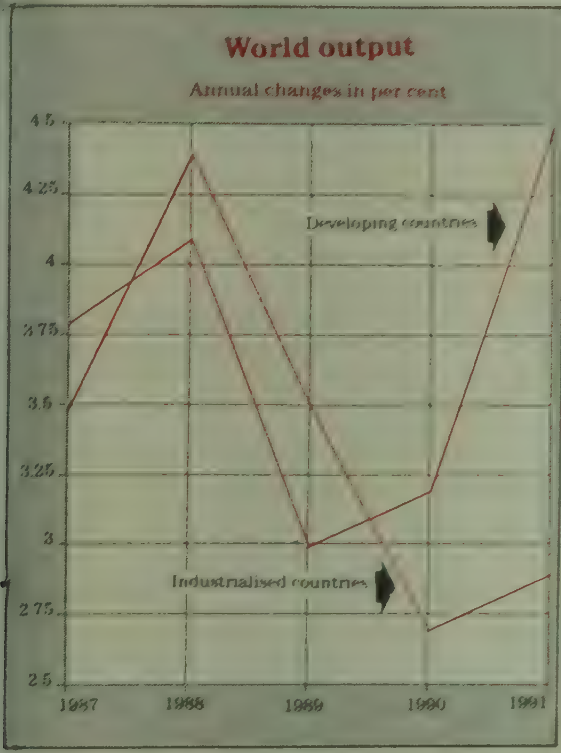
Inflation: a perennial problem



Restrictive monetary policies in most industrialised countries have impacted growth and world economic activity has increased by only 3 per cent in 1989 as against 4 per cent in 1988. The growth of GDP in developing countries is in line with world economic activity. This was disclosed in the World Economic Outlook of the International Monetary Fund.

The pace of economic activity slowed in 1989 and is expected to moderate further in 1990. This is largely due to high levels of capacity utilisation and the anti-inflationary measures taken by many industrial countries. For industrial countries, 1990 is going to be a year of moderate growth of around 2.75 per cent.

In the case of the developing countries growth is expected to remain broadly unchanged in 1990 at around 3 per cent, before recovering to 4.5 per cent in 1991. This slow growth is largely the result of tighter financial policies, coupled with a less favourable external environment of growing protectionism, the slowing down of world trade and the firming up of international interest rates. In the developing countries of the western hemisphere, output expanded by 1 per cent in 1989.

Debt problems of developing countries

The developing countries of Asia notched up a 5 per cent growth rate — the lowest in the decade, but still high when one compares it to other developing country groups. Export growth was especially high in Indonesia, Philippines and Thailand.

In many developing countries external debt problems loom large despite the progress made since 1982, and their debt crises have been associated with low growth and investment and high inflation. This was in stark contrast to the industrialised countries, which were able to control inflation and maintain steady growth. Even though inflation has been controlled in some developing countries, it is still a major problem in many countries in Eastern Europe, Latin America and Africa. The problem of inflation in developing countries is not new : over the last 25 years, 16 countries have experienced acute inflation — in excess of 80 per cent for two years or more. Of course, countries like Bolivia, Brazil and Peru, among others, have experienced runaway inflation in excess of 1,000 per cent per annum.

What is the main source of this inflation? The report is categorical that inflation is a monetary phenomenon that is linked to the growth in money supply. It is the monetisation of fiscal deficits that is the major source of the increase in money supply in developing countries. Also, large depreciation of the nominal exchange rate could trigger inflation as in the case of Israel, Argentina and Brazil. Sometimes supply shocks, such as crop failure or a sharp increase in import prices, can have a pervasive though temporary effect on prices.

The link between inflation and debt

The report suggests that there is a nexus between inflation and debt, though the empirical evidence is mixed. Countries that have experienced debt servicing difficulties have experienced much higher inflation rates than other developing countries. Countries that tackled the fiscal imbalance and implemented structural adjustments could cope with inflation despite rising external debt. India, which in recent years has seen external debt rise alarmingly but has managed to cap inflation, is a good example.

However, many countries experiencing hyper-inflation have implemented stabilisation policies with varying degrees of success. Some have adopted orthodox measures of restrictive financial policies and others have used a combination of income policies and financial restraint.

If developing countries are to maintain a high growth rate, mere debt reduction will not be sufficient. Strong adjustment policies that curb inflation and improve the efficiency of resources used and encourage investment are also needed.

Also, markets in the industrial countries should remain open to developing countries; savings should be sufficient to bring down interest rates and official financial assistance to Eastern Europe should not be at the cost of reducing aid to other developing countries.

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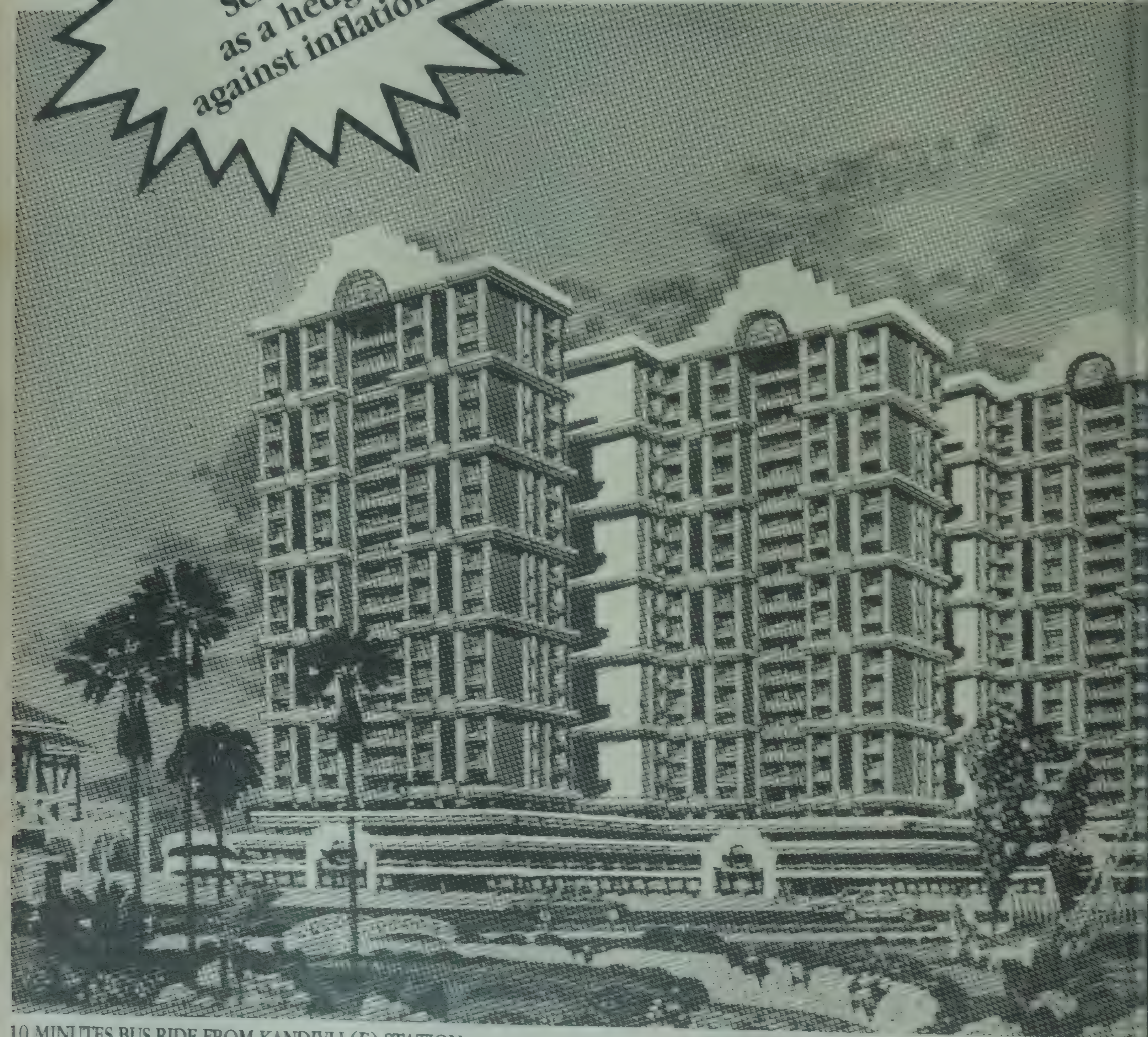

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New faces, new policies

With the new foreign secretary, Muchkund Dubey, well entrenched in his post, major changes are in the offing at the external affairs ministry. The Indian High Commissioner in Sri Lanka, L.L. Mehrotra, a 1958 batch IFS, is being appointed secretary in the external affairs ministry. His place in Colombo is being taken by Prakash Shah, presently additional secretary (administration and UN) in the foreign office.

I.P. Khosla, additional secretary, political, in the ministry and a 1960 batch officer, is also being promoted as secretary in the foreign office while Arundahti Ghosh, joint secretary, Africa, is being appointed in Khosla's place.

A few other ambassadorial reshuffles are also in the offing even as more changes are expected at headquarters. But matters have been complicated by the fact that, recently, 43 officers of the 1976 batch of the IFS (and of the same seniority of IFS'B' — those who are not direct recruits but officers promoted from junior ranks) have been promoted. With all these changes in place, Dubey will have his pick of officers to pursue policies which he and his bosses deem suitable.

Basu: clout with the masses and the ruling classes

High connections

Jyoti Basu's great influence in the corridors of power in New Delhi cannot be denied. Now comes more evidence of this. A few days after he wrote a letter to prime minister V.P. Singh, reminding him of a promise made by previous communication minister K.P. Unnikrishnan to set up a telecom factory in West Bengal, current communication minister Janeshwar Mishra flew down to Calcutta to announce that his government had decided to do so.

Meanwhile Basu, in the same letter, is also believed to have requested Singh to expedite a move to extend the purview of the MTNL to Calcutta. Basu's argument: modernisation of Calcutta Telephones at a rapid pace is a must, to facilitate business and commerce. Presently, Calcutta Telephones is in bad shape with only 30 exchanges — of which three are electronic — compared to 63 in Delhi and 101 in Bombay.

But, ever since he wrote the letter, Basu seems to have developed cold feet, for reasons not yet fully clear. MTNL, meanwhile, seems to be very happy at Basu's request to extend its jurisdiction because this is what it has been looking for since its inception in 1986. Though senior MTNL officials are as yet not sure that this will happen, they promise to do wonders for Calcutta Telephones, given a chance.

War in the defence ministry

Disquiet reigns again in Raksha Mantralaya (defence ministry). Barely two months after he was installed as secretary, N.N. Vohra seems to be on his way out. According to the grapevine, he is destined for Punjab (a cadre of the IAS he belongs to) where he might become advisor to the governor.

Meanwhile, secretary, defence finance, V.S. Jafa has also been moved. He has become member-secretary of the newly formed committee on defence expenditure. These two transfers will hopefully restore peace in the defence ministry. For some time now, Vohra and Jafa had not been getting along too well, with Jafa refusing to clear any files containing expenditure proposals made by Vohra.

Centre vs State

State chief ministers have been seeking greater financial powers *vis-a-vis* the Centre for a long time now. This issue was raised even during the latest meet of the National Development Council (NDC). But the Andhra Pradesh chief minister, M. Chenna Reddy's recent action truly takes the cake. On a visit to the US, he went to the World Bank and asked for assistance to rebuild the cyclone ravaged economy of the state. Never mind if, by the law, a state government cannot borrow from abroad.

World Bank officials, taken aback, immediately alerted North Block in New Delhi. And of course, finance ministry officials were hopping mad; they felt that Chenna Reddy had created a bad image for the central government.

Berths of the political kind

In the quicksands of New Delhi's corridors of power where decisions taken at one moment are reversed the next, nothing can be predicted with certainty.

Now it seems that Montek Singh Ahluwalia, special secretary to the PM, may not become union industries secretary after all. Though this was very much on the cards last fortnight, the position has been reversed now. What happened in between is that Amarnath Varma, the industries secretary, who was being axed, used his contacts in the BJP (L.K. Advani, it is said) and got the move scuttled. Varma is close to the BJP by virtue of being a Madhya Pradesh cadre officer, a state ruled by the BJP. Now another berth is being located for..., Ahluwalia. This, according to the grapevine, could be the position of secretary, banking.

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200 EMPLOYEES WALK OUT OF BOMBAY OIL.

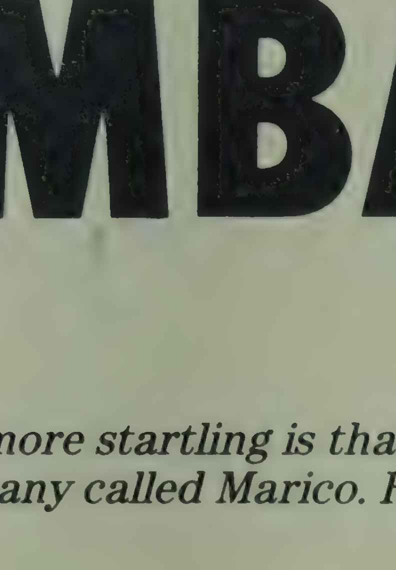
What's more startling is that all 200 of them are joining a new company called Marico. How did this happen? And why?

Bombay Oil has formed a new company — Marico Industries. And their entire Consumer Products Division of 200 people now works for Marico.

Mr. Mariwala, one of the board members, clarified an important issue. "Marico is a wholly owned 100% subsidiary of Bombay Oil. The Board of Directors for both remains the same."

Why is a totally new company being formed? "The idea is to give a new thrust to the consumer products business. As a company, Marico will have greater autonomy than before. So it can independently make business decisions."

Mr. Arun Kaul, the ex-Marketing Manager of Bombay Oil, now the Marketing Manager of Marico, was jubilant: "This is a great way to start a new company! With brands that are already leaders — Saffola and Parachute. Saffola is known for the marketing history it made with its 'good-for-the-heart' safflower (kardi) oil. The other brand, Parachute, has breakthroughs to its credit too. It's the first strong brand in what was till recently a commodity market. And it enjoys a strong consumer franchise."



'A deliberate, planned move,' says insider.

Another advantage Marico has is the readymade strengths of its parent company. Like the distribution network of 2 lakh retail outlets and 1200 distributors. Financially, it is as good as any blue chip company. It has a turnover of nearly Rs. 100 crores. Sales have grown at 25% per annum over the last 4 years (compounded growth rate).

What are Marico's future plans? Mr. Mariwala admitted a lot of changes were in the offing. "We've just acquired additional manufacturing facilities. We're opening an R & D centre in Bombay for product and packaging development. Launching Sweekar Refined Sunflower Oil nationally. And moving to an office in a new location in Bombay!

"An entire line of activity will get more prominence now: new products. Within the next year, we will be introducing two new products." Mr. Mariwala was tight-lipped about Marico's new product plans. "It's likely to be in the range of consumer goods," he said, and laughed.

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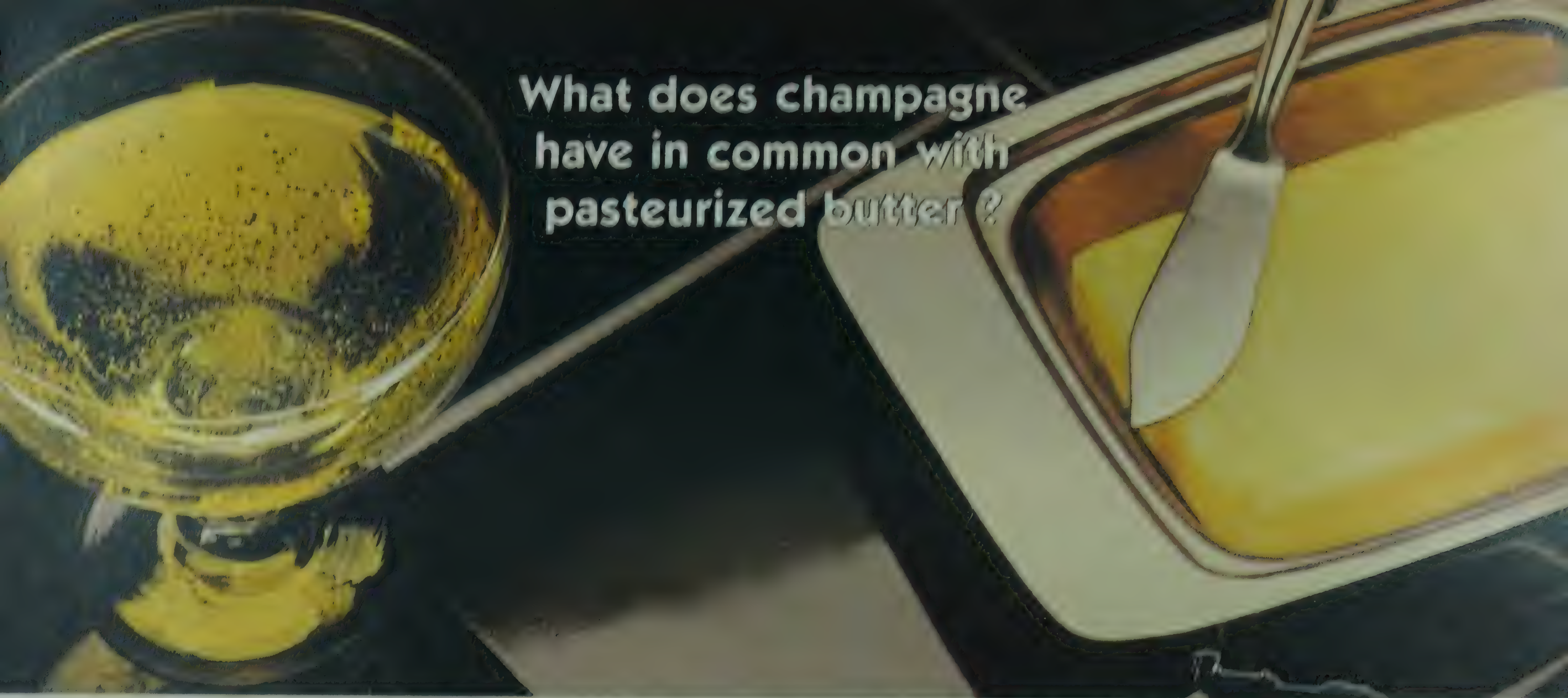

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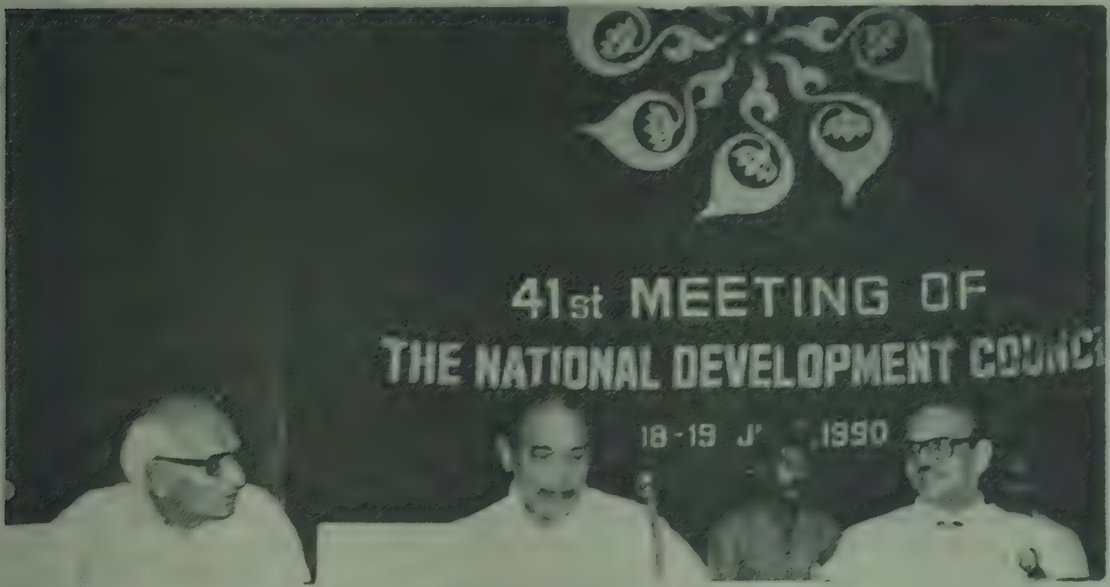
NDC MEET

A grand game plan

The broad contours of the economic policy to be pursued by the National Front government are now clear. Prime minister Vishwanath Pratap Singh has made known, in no uncertain terms, his game plan for the next few years.

His statements at the two-day National Development Council meet, which concluded in New Delhi on 19 June, made it apparent that the Rajasaheb proposes a two-pronged strategy to develop the Indian economy. He wants Indian industry to reach international standards, producing goods with contemporary technology at prices comparable to those prevalent abroad. The government's task would be to integrate this sector into the world economy. Consequently, liberal imports of technology and foreign investments would be allowed to this sector (but subject to restrictions as determined by national priorities and social controls) to enable it to upgrade its skills and, more importantly, to break through the hard currency export market. To make the process more meaningful the private sector will be given a more strategic position and allowed entry into areas hitherto closed to it — like infrastructure development.



The NDC meet: will poor delivery block grand strategy?

Not *laissez faire*

The prime minister has made it abundantly clear that this does not mean that there will be a *'laissez faire* economy'. The government will retain 'strategic control' of the broad directions of industrial development, but there will be fewer controls and less bureaucratic interference in the process of industrial investment.

The second prong of the strategy will be to develop the agricultural sector and the rural economy. Emphasis will be given to heavy investment in irrigation, land development, water management and rural roadbuilding. This will undoubtedly go a long way in making farming a more profitable proposition as well as raising agricultural production, for which farming is to be brought to small and marginal farmers. According to V.P. Singh, the benefits of the green revolution have not reached precisely those areas which have had no land reform and where absentee landlordism is prevalent.

As part of the strategy to develop and diversify the rural economy, an impetus would also be given to small scale industries. These industries, by virtue of their semi-urban locations, would also provide non-farm employment opportunities. Since small scale industries are notorious for turning sick, the prime minister would like the process of ancillarisation to be hastened. This will link these units to large industries and assure them of a market, technology sources etc.

The implementation of this grand strategy requires finance, and V.P. Singh has made the assurance that he will initiate steps to divert resources from unproductive channels to productive ones. He also wants to discourage the use of savings for amassing unproductive wealth. On a suggestion from Orissa chief minister Biju Patnaik, he even agreed to consider a proposal to make the rupee a freely floating currency. If implemented this would have serious implications. It will boost exports in the long run by making our products cheaper since the value of the rupee will fall from the artificial levels at which it is pegged today. However, in the short run it will do nothing to curb imports (since a large part of the imports are in the nature of essentials).

Bane and solace

So far, so good. But the prime minister, being the astute politician that he is, should know better than most that drawing up a grand strategy is easier by far than implementing it. Over the last 35 years, five year plans have never lacked either content or objectives. But the bane of these plans has been their poor implementation, for which there are several reasons but chief among them is inadequate delivery systems. Since a qualitative change in the implementation machinery is unlikely, it is difficult to see a drastic improvement. The only solace is that the industrial sector will be freed of bureaucratic red tape to a large extent. This will allow market forces to work in areas which were ruled by officialdom earlier.

The question of resources also stares the government in the face: there is no unique strategy to mobilise more money. To ensure that money will indeed be diverted from unproductive use to create productive assets is nothing short of a Herculean task. The only solution to the vexed problem of resources, which both the present and previous governments have taken recourse to, is to raise administered prices and the quantum of deficit financing.

On this issue, V.P. Singh has spoken of making the public sector more efficient to generate resources. This is another hoary old promise. The noteworthy point, raised by West Bengal chief minister Jyoti Basu at the NDC meet, was that the plan seems to be totally oblivious to the problem of inflation. In fact, if the government ignores this the entire development strategy may become a futile exercise. There is also evidence that the prime minister will face opposition from within his government on some of his plans. One example is land reform, of which the prime critic is his deputy prime minister, Devi Lal.

■ KINGSHUK NAG

The new northern stars

In the last decade, a new breed of businessmen has appeared in northern India. Brash and dynamic, these newcomers are going after the mega-bucks with a vengeance that makes the older established business houses look like they are marking time. Undoubtedly, the newcomers have been nurtured by prevailing eco-political conditions, but there is much to be said in favour of their achievements

Less than a decade ago, J.B.S. Bakshi was a non-resident Indian with an impossible dream: to give up his lucrative Gulf job and return home to build his own corporate empire; and by starting virtually from scratch at that. "I began with a ridiculously low sum of money in the early eighties. But I had a gut feeling that I would make it," recalls this sardar entrepreneur who is a qualified mechanical engineer.

Fate followed the dictates of Bakshi's ambitions. Uniplas Ltd, the company over which he presides as chairman and managing director, has grown several fold; from a turnover of a few lakhs in the initial years to Rs.50 crore now. More significantly, Uniplas has carved out a distinctive niche for itself in the field of engineering plastics. As for the morrow, new projects lined up by Bakshi will — if his luck continues to hold — make Uniplas a Rs.250 crore group by 1995. This Delhi-based businessman belongs to a brave new entrepreneurial class that has emerged eminently successful in recent times. Displaying a healthy appetite for profits and growth; these entrepreneurs in the making have dramatically transformed the corporate map of India.

Welcome to the club of the new northern stars — of the Jindals, Oswals, Bhartias and Gargs. These names that were unheard of or relatively unknown ten years ago are now regarded as business groups to watch and their companies are favourites of the stockmarkets. Certainly, by the turn of the century, they will be forces to reckon with in the corporate world. A good example is that of Abhey Oswal who within a short time has managed to conjure up a Rs. 1,000 crore business empire.

New-found spirit

Business activity is burgeoning in the north. All of a sudden, Delhi, Uttar Pradesh , Haryana, Punjab, Madhya Pradesh and Rajasthan are witnessing an unprecedented rush of new projects and ventures. Indeed, industry monitors contend that the north's new-found aggressive spirit of enterprise poses a serious challenge to the supremacy of the western region as the country's industrial stronghold. Siddharth Sriram of the now-truncated DCM family confirms that not only has the scene of action shifted, but that there are newer players.

Such has been their rate of growth — almost 30 to 40 per cent annually in some cases — that they seem to have outpaced the traditional family business houses like the Modis, Thapars and Singhanias. This is a natural consequence of competitive forces being allowed free play: there is no guarantee that the big will continue to dominate. There are enough examples of pace-setters of yore becoming the slow coaches of the present. Family squabbles amongst the new generation are also responsible for the diminishing importance of the once-powerful.

The astounding successes of Karsanbhai Patel of Nirma, Ramesh Chauhan of Parle and Balsara of Promise toothpaste had triggered the debate a few years ago on whether the street smart *desi* entrepreneur had come of age. Could they match the marketing skills of the once venerable multinationals? In a similar vein, the emergence of the northern stars poses another question: are new entrepreneurs with less clout and more zest going to be in the forefront of business activity by the turn of the century? And is this because the old industrial families have become so stodgy that they would rather forsake exciting growth opportunities in new, sunrise areas for the safety of sheltered industries?

Obviously this northern phenomenon, though a recent one, did not spring up overnight. A host of factors prepared the fertile ground conducive to its growth. The gradual breaking down of traditional mind-sets, while intangible, was a necessary precondition for the spirit of enterprise to emerge and eventually flourish. "Perceptions may differ, but I feel there has been a definite attitudinal change in the north," says Rattan Jindal, managing director of Jindal Strips Ltd.

Rattan Jindal: "there has been an attitudinal change"

Shedding conservatism

According to Jindal, one of the major reasons behind the upsurge witnessed in the last decade was that businessmen have been gradually shedding their conservatism. The Jindals themselves took the plunge in 1970 when O.P. Jindal, a steel trader in Haryana, set up a hot rolled steel coils plant based on his own home-grown technology. And today, taken together, flagship company Jindal Strips and a clutch of other ventures account for a total group turnover of Rs.225 crore. Besides, their shares quote at substantial premia in the markets.

Bakshi: breaking into an exclusive circle

Until the seventies, people were satisfied with the hefty profits which trading generated. But subsequently the 'urge to build empires' took hold of the northern businessmen. And so strong was its call that some thought nothing of chucking up security and plunging headlong into ventures both risky and new.

For instance, Sitaram Singhania (no relation of the "J.K." Singhanias) had a good innings going as managing director of J.K. Synthetics where he had built a formidable reputation as an expert on synthetic yarn. However, the urge to create his own start-up prompted him to take over the management of LML Ltd. Under his stewardship, this small scale textile machinery manufacturing company was converted into a two-wheeler maker with an Italian technical collaboration with Piaggio.

While it is true that LML did stumble initially and faced a spate of cancellations, the scooter maker is now well out of the deep end of the trough. Piaggio has now decided to strengthen its Indian links by picking up a financial stake in LML and a couple of new products in the two-wheeler range are in the offing. "By no stretch of imagination could my projects be considered failures. It is just that I aimed for the sky and am only halfway up there," says Singhania defensively. Singhania's other venture, Ester India Ltd too went through a troublesome start but is in a more comfortable position today.

Similarly, Chandigarh-based Rajinder Kumar Garg, a qualified engineer and government servant, chucked up the security of his bureaucratic post to set up a cold rolled steel plant. "Whether I succeeded or not was not very important. It was just that I had to be on my own and at least make an honest attempt at making it big," he says.

Right climate

It has been historically proven that successful business ventures are built on such soaring ambitions and the entrepreneur's ability to spot a risk worth taking. Such ambitions were singularly lacking in the north in post-independent India. The scenario has taken an about turn only in the eighties. The policies of the previous government created the right climate for the spirit of enterprise to flourish, which did happen throughout the country but in a more marked manner in the north.

Some observers tend to credit the northern resurgence not to entrepreneurial ability but to the proximity of these businessmen to the decision

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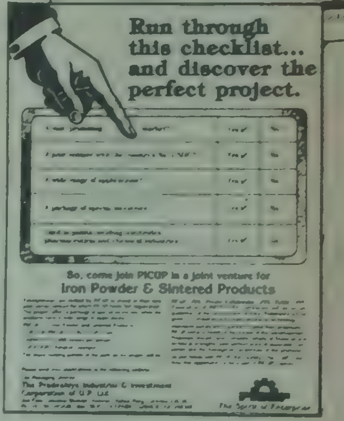

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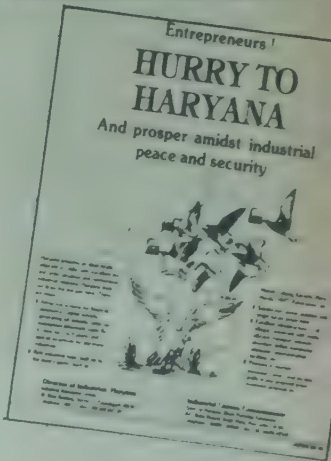

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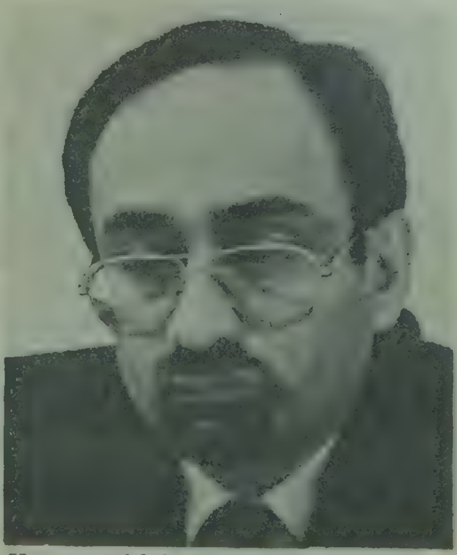
Garg: honest attempt to make it big



Kaura: widely respected

makers at the Centre. However, Suresh Krishna of the Madras-based TVS group holds the view that it is the entrepreneur's get-up-and-go that counts; without this, even the right connections are of little use. As Krishna puts it, "Proximity to Delhi is a double edged weapon. It doesn't necessarily mean that everything will go your way."

A case in point is that of Vinay Rai. Despite the largesse of the previous government towards Usha Rectifier, Rai finds himself in a limbo. With the gross undersubscription of the company's rights-cum-public issue, the viability of the venture is now being seriously questioned. This has compelled Rai to go slow and lie low.

The growing importance of the prime minister's office in the eighties and its increasing interference in matters pertaining to geographical location of industrial projects added to the attraction of the north. "You will be surprised at the number of corporate superstars who keep visiting us in Delhi hoping for some good news about the fate of their projects," admits a bureaucrat in Udyog Bhavan.

Having to frequently commute to Delhi has propelled some companies to shift their base there entirely or to establish a substantial corporate infrastructure in the capital. "Why keep flying down every few days to Delhi? It is much better to open shop right here," says a member of the Saraf family, promoters of the Ferro Alloys Corporation Ltd (FACOR). The Sarafs who started off in Maharashtra are gradually shifting base to Delhi.

The changed political climate in recent years made politicians more aware of the importance of encouraging industrial activity. The mounting pressure from politicians to promote industrialisation in their own constituencies and regions, is also partly responsible for the veritable explosion of industrial activity in the northern states. In western UP, for example, licences for large scale projects were liberally granted by the politicians in power. Another recent case is that of Orissa. Within weeks of being elected chief minister and with five members from the state in the union cabinet, Biju Patnaik has managed to chart out large industrial projects worth more than Rs.10,000 crore in the state.

Similarly transformed are Rae Bareli, Amethi, Jagdishpur, Saleempur and Mathura (all incidentally in UP) which were largely backward and agrarian regions till the seventies. These districts could easily rank as some of the most densely industrialised areas in the country, with large scale projects in engineering, telecommunications, petrochemicals, chemicals, and food processing mushrooming year after year. Total public investment in the few favoured districts exceeded Rs.15,000 crore through the eighties. Even the termination of the HBJ pipeline is at Jagdishpur — necessitating the location of large gas-user industries in the region. The bias is evident.

Political push has provided ample opportunities for businessmen both established and budding, especially those with the right contacts. One such person whose connections have helped is K.K. Birla's son-in-law, Shyam Bhartia, and promoter of VAM Organics Ltd and India Glycols Ltd. The former is one of the only two producers of vinyl acetate monomer (VAM) in the country. Given this, it is only to be expected when the company reports 30 to 40 per cent annual growth rate in turnover and hefty profit margins of 30 per cent.

Low key approach

Unlike some of their more high profile counterparts, the Bhartias assiduously cultivate a low key approach and stay out of the limelight. Says a Bombay-based industry insider, "Their phenomenal growth in the past decade was to some extent, a result of their closeness with the previous government." The Bhartias have gone along their growth path in sunrise areas without much fuss or fanfare.

This tilt has led to a distorted investment scenario, and the losers are clearly the industrialists from the south. It is widely known that south based companies are averse to investing in the north because of the distances involved as well as the cultural divide. "But equally," points out N. Sankar of the Madras-based Chemplast, "None of the new breed of northern businessmen would like to venture into the southern region." The few who have are established business houses. Of course, those in the east and west have no such reservations about heading north. Companies such as Hindustan Lever, Bajaj Auto, Raymond's, Hindustan Motors have planned their new projects in the region.

Host of troubles

But does all this really mean that capital and investment is shifting north from the west in the manner in which it flew from the east (especially

Samtel: a leader in the TV tube industry

Gulshan Kumar: a name to reckon with

Bengal) in the sixties and seventies? "Not really. It would be wrong to jump to such hasty conclusions," says O.P. Lohia, managing director of the IndoRama group, which too has been progressing at a steady gallop. According to this businessman, whose group earned its spurs in ventures in the Far East, investment in the Bombay-Thane-Pune belt spells a host of troubles, not the least of which is labour.

Besides this, the ban on locating new industrial units in those metros effectively curbs any desire for investment. Lohia points out that Gujarat is emerging as an industrial force in the west. "The state has increasingly become important in corporate sweepstakes — almost as much the north," says Lohia.

Corporate monitors feel that the north has two other advantages which have had a tremendous impact on investment. First, is the proactive role of the industrial development and financial corporations of the states. These have aggressively pursued new projects and encouraged new entrepreneurs. "I will always remain indebted to the Punjab industrial development authorities for the help they have provided," says Garg of Steel Strips. According to him, though the state has been traumatised by terrorism, the all-out cooperation extended by the state nodal agencies was a commercial factor in his company's progress. Not surprisingly, then, despite the long shadow of terrorism, Punjab continues to exhibit remarkable growth capacities in the industrial sector.

If Garg is all praise for Punjab, H.S Ranka of the Modern group endorses the efforts made by the authorities in Rajasthan. Together, the industrial development agencies in the two states have spawned more than 50 successful industrial projects in the last decade. The Punjab Agro-Industries Corporation pushed and lobbied for the controversial Pepsi project. Admits a Pepsi manager: "There were times when the support of this state-owned agency proved crucial in tilting the scales." And interestingly, per capita incomes in almost all the northern states are higher than the national average, with Punjab leading the pack.

All the ingredients for an industrial and corporate resurgence would have come to nought without infrastructure. States such as Bihar and Bengal have learnt this the hard way. Despite massive public sector investments, they remain industrially backward because private capital shies away from regions that lack the basic amenities for industry.

Well looked after

In this regard, the north has been blessed in more than one respect. Whether it is power, transportation or communications, the region has been remarkably well looked after by the Centre as compared to other parts of the country. Probably, the only sore point is the power scenario in Rajasthan. Otherwise, the going has been very good for potential investors.

With Delhi as the nerve centre, industrial activity has been spreading in concentric circles. Industrial centres such as Faridabad, Ghaziabad, Gurgaon and Hissar are all just a few hours' drive from

Old versus bold

"Times, they are a-changing," sang Bob Dylan two decades ago. Apt words for the corporate scene in northern India today, as the old business families are being nudged out of prominence by dynamic newcomers. One of the more voluble members of the fractured Modi clan admits, "Somewhere along the way, the newcomers seem to have stolen a march over us."

The Jindals will probably tot up a turnover exceeding Rs.750 crore in the next year, while Abhey Oswal hopes to nudge the magic Rs.1,000-crore mark in two years. In fact, skyrocketing growth is a common feature among almost all the new northern stars. The contrast with the traditional families is stark and revealing.

Scorching pace. If one takes into account the splits, practically every major house, except the Thapars and the Nandas, has slipped from the big league. And even the Thapars and Nandas pale in comparison with the scorching pace set by the newcomers. Whereas the former could only manage to double its turnover in the last decade, almost every newcomer's turnover has multiplied at least ten times in as many years. Of course, there is always the statistical fig leaf of 'low base-higher growth' rates. "Still, there is little doubt that those who began in the seventies and eighties have grown faster and on a more sustained basis," says J.B.S. Bakshi of Uniplas Ltd.

On an average, the new northern stars have grown at 30 to 40 per cent a year in the last decade, while the old families have inched upwards at less than 10 per cent a year. At this rate, it will not be surprising if the Jindals, Oswal and Garg catch up, if not overtake, the Modis, Nandas and Shrirams.

As a member of the DCM family put it, "One of the most important reasons for the comparative decline and gradual eclipse of the traditional families has been the scourge of intra-family squabbles and splits." According to him, sons and nephews, and their minions, have been so busy battling over family legacies and milch cows of the groups, that little time has been devoted either to long term strategic planning or even day-to-day management of companies.

Oswal: towards the Rs.1,000-crore mark

Delhi. These are all very well connected by both road and rail and telephones and fax machines operate smoothly. And the radius of this concentric circle expands continuously as the industrial areas closer to Delhi get filled up rapidly with units. For that matter, commuting to industrial centres even in UP and Rajasthan is no longer a headache. With the air taxi schemes now in operation, it should be smooth flying for bosses of projects which are springing up in places like Jagdishpur and Saleempur.

Apart from those who have emerged in the forefront there is a rearguard which is coming up along the way. All the major industrial projects which dot the north now will automatically trigger the setting up of a host of ancillaries. The classic example is that of Maruti Udyog Ltd. Thanks to the people's car, at least a score of hopefuls have managed to get into business as supplier units to Maruti. With Maruti's growth, these small units too have witnessed booming fortunes. Possibly, there are a few potential northern stars lurking amongst these small but rapidly growing ancillaries.

The LML plant and Singhania (inset): out of the deep end

Another factor that has played a significant role in the rapid industrialisation of the north, is the green revolution. It generated massive surpluses which sooner or later found their way into the corporate sector — either through the stockmarkets, banks or the state level nodal agencies. Equally important, it generated prosperity which created a demand for consumer goods and gadgets in increasing numbers.

While a large number of small and medium sized units have cashed in on this burst in demand for consumer goods, the man who has made the most of it is perhaps Gulshan Kumar of T-Series cassettes fame. A small time radio mechanic for years, Kumar used the classic Karsanbhai formula to create and then dominate the audio cassette market. While some people allege that Kumar was indulging in piracy by which he built up a considerable fortune, the fact remains that T-Series sells for less than half the price charged by established companies such as HMV and CBS. It swamped first the north and now controls 60 per cent of the audio cassette market.

Name to reckon with

Says a Bombay-based film producer: "The quality may not be top class but it is not bad at all." Today Kumar's is a name to reckon with in the film world: he buys film music rights, has his own recording studio, and divides his time equally between Bombay and Delhi. The items he manufactures now cover the entire range of electronics. Ironically, Kumar seems to be stretching the Nirma analogy to the limit since he has recently launched a T-Series washing powder.

Even those who deplore the get-rich-quick syndrome which afflicts the north, would acknowledge that there are some

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Shriram: scene of action has shifted

The DCM and Modi groups are telling instances. The former had the mortification of reporting a huge loss in the centenary year of its flagship DCM Ltd. And the latter managed to squeeze profits out of just a few companies from amongst the dozen odd it owns. In fact, even Modi Rubber's once fat profits have disappeared.

Time lost. According to a member of the Modi family, this has led to a very insidious development. "All our expansion and diversification plans have been in limbo for years on account of this," he says, "and we definitely have been left behind in the process." In fact, it is only after the splits have been formalised, that the warring brothers and cousins have begun to move with renewed vigour. But five years have been lost in the meanwhile.

There are other reasons behind the lack of growth. According to R.K. Garg of Steel Strips, a large set up inherently breeds complacency and an element of bureaucratic sloth creeps in. "Except in rare cases, the progeny are usually content to rest on past laurels," he says. Automatically, such business houses lack zeal in securing new projects and are content so long as their cosy markets are protected.

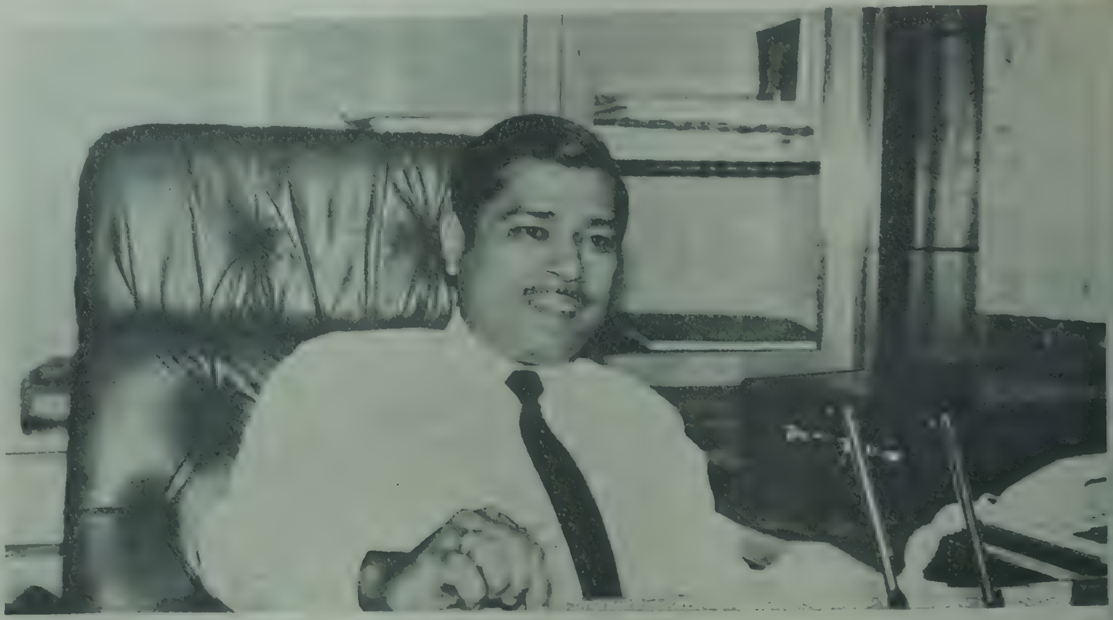
Besides this, the old families seem to be set in their methods of obtaining licences through bureaucratic and political connections and sitting tight on them to ensure the continuance of monopolies and oligopolies. "You can no longer do such things in India," says Satish Kaura of Samtel.

'Connections' have also resulted in backlashes. As soon as governments change or cabinets are reshuffled, some groups invariably fall out of favour. Consequently, applications for licences get tangled in miles of red tape and the group in question has to bide time while desperately seeking avenues to approach the new powers that be. This has happened to practically all the major traditional groups, including Thapars, Nandas, Raunaq Singh, DCM and the Modis.

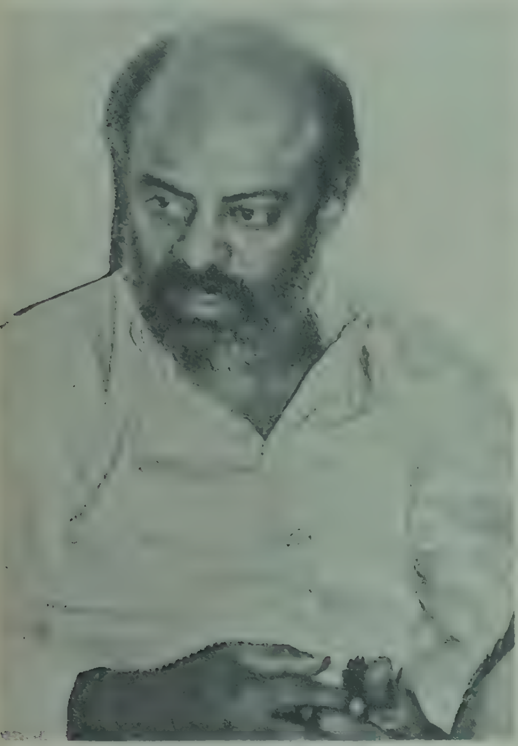
Unencumbered by such obstacles, the new northern stars have surged ahead in the race. And, it looks as if they will continue to do so for many years to come. And who knows, from among the warring, but now independent, brothers and cousins might emerge a few who might create their own distinctive orbits.

■ SUTANU GURU

professional stars on the northern firmament. The emergence of professionals and technocrats as industrialists has imparted a respectable hue to this breed. When Shiv Nadar and his colleagues left DCM Data Products to launch their own computer ambitions, they also inducted professionalism into the new company. By the mid-eighties, Nadar had proven the value of professional and aggressive management. The strengths that are now in-built have enabled them to withstand the temporary low tide in their business. Despite a serious cash crunch and a shadow over the new project in the US, Nadar is still the undisputed prima donna of the computer industry.



Lohia: progressing at a steady gallop



Nadar has proven the value of professional management

Another widely respected name is that of Satish Kaura of Samtel Ltd. Technocrat Kaura is also an NRI turned entrepreneur. Working as a computer engineer in Canada, Kaura returned to India in 1973 and set up a unit in Ghaziabad for the manufacture of TV tubes. Samtel is now counted amongst the leaders in the TV picture tube industry. Their customers, the TV manufacturers, are a satisfied lot. As Nabi Gupta, general manager marketing at Videocon International Ltd testifies, "It is such good quality that we have no complaints at all!"

Nadar, Kaura and their ilk represent a new breed that is management educated, professionally qualified. And it is Kaura's firm belief that "professionalism is bound to catch on". But there are those amongst the new northern stars who think that professionalism is pure bunkum. They would still prefer to rely on their native sense of doing business. "If you will look at the most spectacular successes in the past in our corporate sector, you will notice that most are entrepreneurs who have had little to do with the new-fangled ideas of modern management," says Garg. According to him, professional managers, while being good in their own fields, are usually too specialised to have an overall view.

Not quite complete

Evidently the corporate renaissance is not quite complete. "Even now, it is very difficult to find a group with a thoroughly professional culture in the northern region," laments a multinational executive who has worked for one of the *lala* family enterprises based in Delhi. According to him, and many others, loyalty to the family still counts for more than professional merit.

And then again, there is the get-rich-quick syndrome which is not really conducive to the creation of a long lasting and viable enterprise. Yet another complaint is that the new breed in the north relies excessively on political and bureaucratic clout. And some are well known to employ questionable means to achieve their ends. But this is a reality which no industrialist — irrespective of the region he comes from — can afford to ignore. Yet an impression has been created that these business groups are quite unprofessional in their approach. "Bombay may have all sorts of problems ranging from housing to transportation to schooling for children, but the true professional high flier still seeks to peddle his talents in that city. Delhi still has a long way to go before acquiring such an image," says the executive quoted earlier.

With their stupendous growth, these swashbucklers of the north seem to have stolen a march over the older, established business groups. According to D.H. Pai Parandiker of FICCI, it would be wrong to assume that the traditional families in India are losing their zest and appetite for growth and hence are losing out to the upstarts in the long run. A majority of new projects in core areas such as fertilisers, steel and petrochemicals are being promoted by the old families. And once these projects come on stream, growth momentum in the old houses will pick up again.

However, what is surprising is how the relative newcomers — Abhey Oswal being the more notable example — have managed to bag even a few of the mega projects. Even ten years ago, all the major projects would have definitely been taken by the Tatas, Birlas, Thapars, etc. "This testifies for the growing importance of the newcomers — they have indeed, managed to break into the exclusive circle," says Bakshi of Uniplas. In the process, they have created their exclusive club of new northern stars. There is little doubt that these movers and shakers will be the ones to watch in the next century. And the northern club could well be, depending on government initiatives, a precursor to many more in different regions of the country.

■ SUTANU GURU

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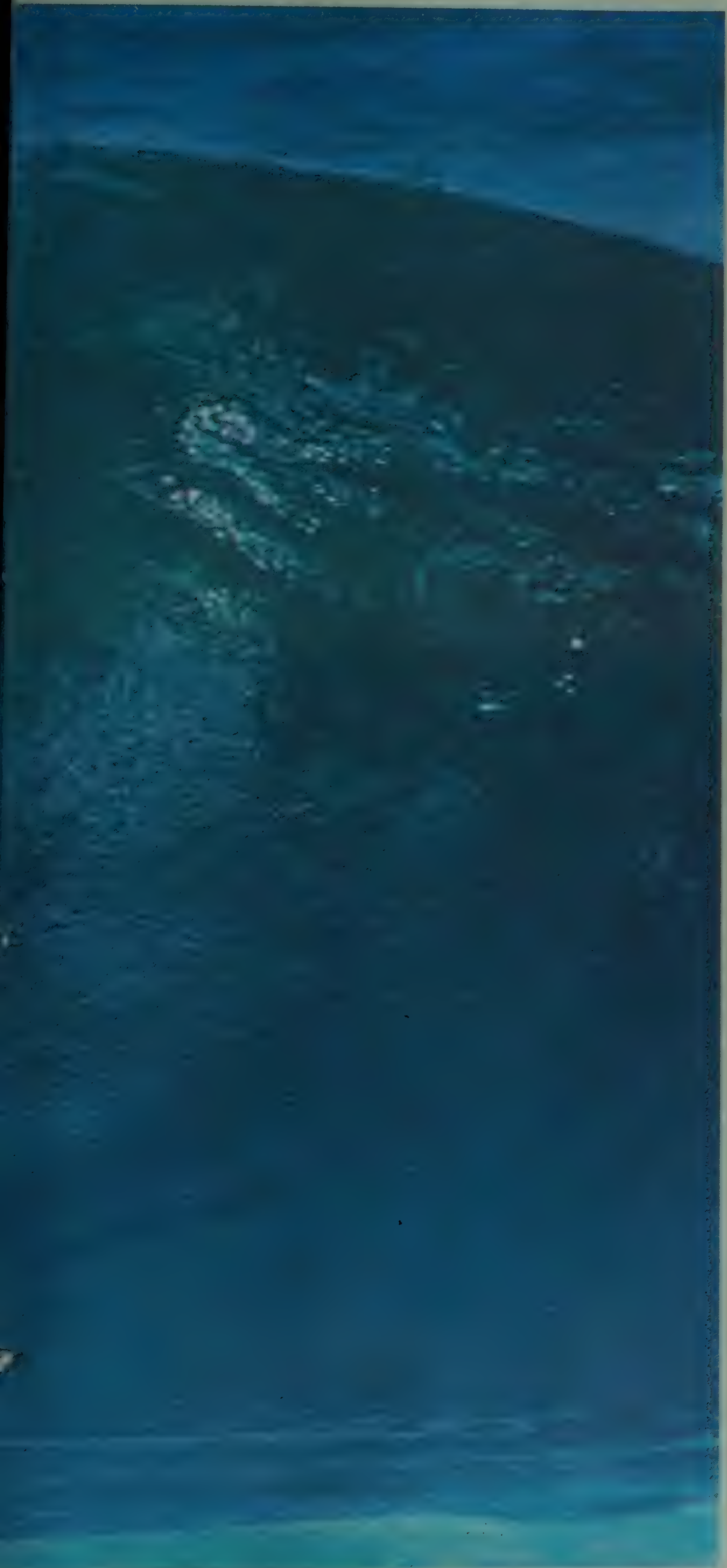

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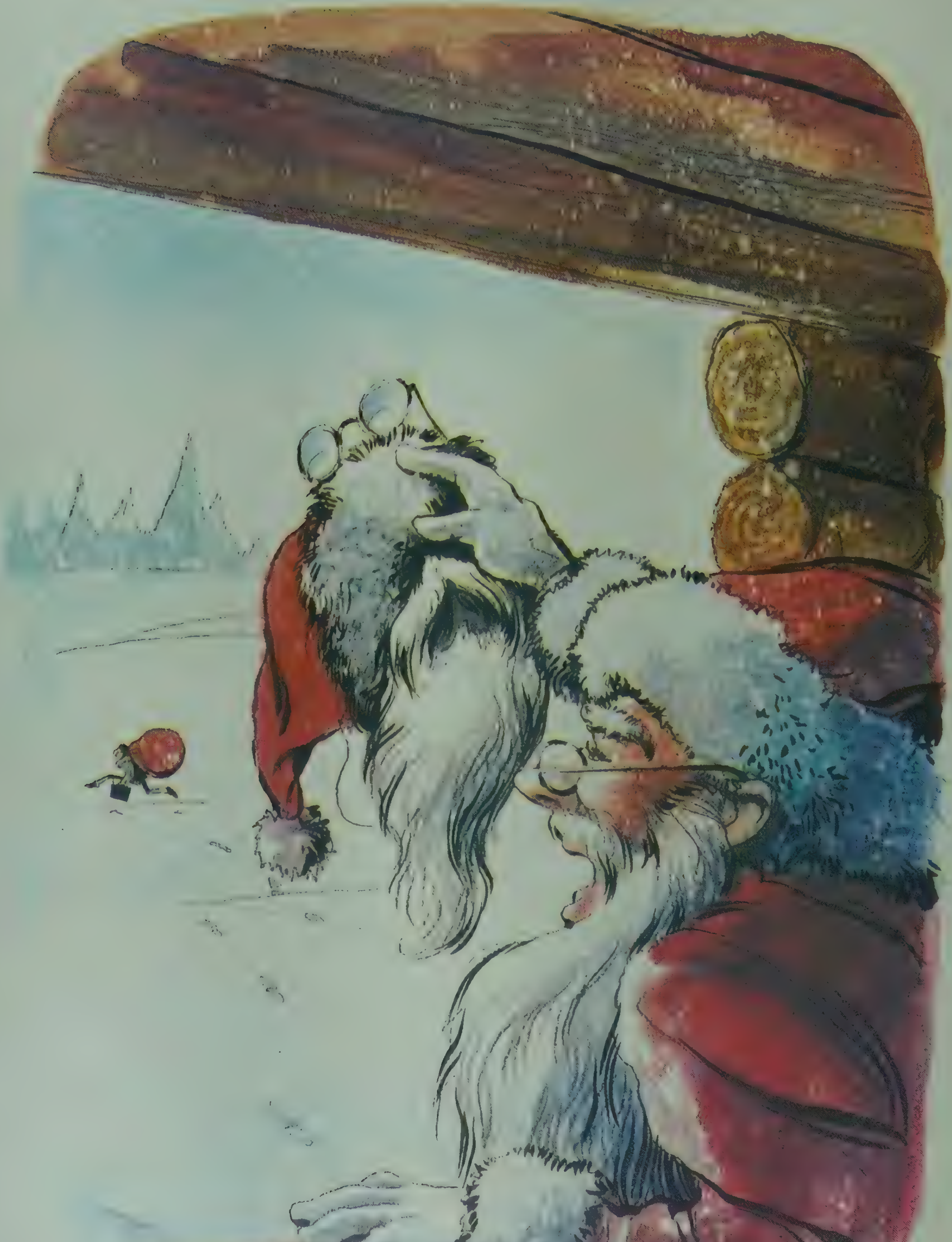

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The rise of M3

Changes of far reaching consequence have been taking place in the Indian economy over the last few years. These span the spectrum of the economy, that is, industry, services, the money market and consumption patterns. While it would be difficult in this article to analyse the future effect of all these changes, it is proposed to examine the impact of two seemingly innocuous changes — first, the introduction of alternative instruments for the investment of money, and secondly commercial paper.

The fundamental debate in economics is that of the relationship between the "real economy" of goods and services and the "symbol economy" of money and credit — the relationship between the micro economy (business and individuals) and the macro economy of the nation state and aggregates — and finally whether production/supply or consumption/demand drives the economy.

Upside down

All 19th century economists were convinced that the "full employment" equilibrium was a non-issue, because supply created its own demand. Keynes came along and turned things upside down, and said that management of aggregate demand was the key — in a sense, laying the foundation for large scale fiscal intervention by governments. Then came the monetarist school, which argued that economies grew at a natural rate of growth, but still maintained that governments could control prices and inflation through a planned monetary policy.

Time has taught us that none of the schools was fully right. Also that there is no single correct prescription. In fact, what emerges is that policy should depend on the state of development of the economy. Let us look at, for example, the monetarist argument in the context of the Indian economy today.

Traditionally, in India it was easy to define money supply and therefore to control it. Mainly because choices for individuals to invest were limited — with specific reference to money and near money. Money could be invested in bank deposits, debentures and fixed deposits of companies. Then came units and the stockmarket. Each of these investments was for a specific type of investor in terms of tenor and risk and movements between investments were limited.

Therefore, the monetary authorities were in a position to control money supply and not be worried about the velocity of money. Putting it differently, it was the macro economy that needed to be controlled. As for individuals and business, let alone having the power to direct, they were in fact impotent to make effective decisions to counter the forces of macro economic control. This meant that the "symbol economy" of money and credit was "real" and goods and services were dependent on it. So we could and did run our policies on monetary events — government deficits, interest rates, credit volume and volume of money in circulation — determining demand and with it economic conditions. The turnover velocity of money was assumed as constant and incapable of change over the short run by individuals and firms.

In the mean time, India has progressed to become an economy with the tenth largest GDP, a booming stockmarket with a market capitalisation of Rs.40,000 crore plus, and a plethora of risk/reward/tenor instruments, eg, PS bonds, tax based instruments, UTI, mutual funds, convertibles, warrants, etc. What this has really done is to give individuals and firms the ability to alter the velocity of money and thereby vitiate macro economic measures.

Infructuous attempt

Consequently, it is quite possible that any attempt to control the economy today by controlling money supply would be defeated by consumers and businesses. Measures to control supply would be thwarted by businesses and consumers shifting money from banks to money market funds, UTI, etc, and from long term investments into liquid assets — that is from low velocity to high velocity money. This could happen up to a point where no one could tell what money supply is.

In short, individuals and businesses controlled by self-interest and acting on their perception of economic reality will always find a way to beat the system — whether by converting a large part of the economy into a gargantuan black market or by transforming the financial system. We in India have already achieved a black economy and are probably on the verge of a financial transformation which, if handled properly with the self-interest motive in mind, can reduce black money.

Commerical paper (CP) triggered a financial revolution in the US and Europe as a "new loan" from a new lender — the public. It also replaced the segmentation of financial institutions into insurance companies, savings banks, commercial banks, stock brokers, factors, term lending institutions and so on by "financial super markets" focusing on market needs rather than products.

Basically, what CP achieves is a direct relationship between an issuer (borrower) and the investor (substituting for lender). In the process, the lending monopoly of commercial banks is buried because, since an intermediary was abolished, both the issuer (who got a lower borrowing rate) and the investor (who got a higher deposit rate) were happier. Ultimately instruments like this would abolish demarcation lines between credit and investments to a level wherein every financial institution and financial instrument would compete with every other institution and every other financial instrument.

In a majority of countries the financial system is hedged in with laws, rules and regulations with the primary purpose of preserving the system and preventing changes in it. India was no exception in that our financial system was highly structured and carefully guarded. But we have been deregulating the system gradually. Commercial paper has broken through all controls and changed the financial system of countries overseas.

Now, if we take the combined effect of the monetary symbolisation of our economy coupled with the blurring of market segmentation, we are obviously on the threshold of change. It is unlikely that we can control this by restricting entry through licence or by placing restrictions on amounts of CP.

What is evident is the need for a central authority with power over (money and near money) M3 — which in its broadest sense would include borrowings and/or issue of instruments, by financial institutions, mutual funds, the public sector and the government — a role that would naturally fall on the central bank. This is in fact imperative if we are to retain control over monetary policy. We need to manage financial decontrol in line with decontrol of the economy. A good model to follow would be that of the Bundesbank.

■ ADITYA PURI

The author is vice-president and area head of Citibank for India, Sri Lanka, Nepal and Bangladesh. The views expressed in the article are his own

WADIA MINORS

Gathering speed

There is more to the Nusli Wadia group of companies than just the high profile DMT and textile giant Bombay Dyeing, the products of two of its minor companies monopolising the market. Unique in several respects, each of these companies have a number of common traits that can be called the hallmark of the Wadia group

Neville House, the grey stone building in Ballard Estate, Bombay's old corporate district, houses the headquarters of the Wadia group flagship, Bombay Dyeing and Manufacturing Company Ltd (1989 turnover: Rs.308 crore). The building is imposing, and the security impressive: and seeing the registers, forms and security guards, one wonders if last year's alleged plot to kill the group's chairman, Nusli Wadia, is the sole reason for the elaborate precautions.

For, there are several other features unique to the group which also need to be guarded. The group, if one may call it that, comprises National Peroxide Ltd (NPL), Citurgia Biochemicals Ltd and The Bombay Burmah Trading Corporation Ltd.

Envy of the corporate sector

Apart from Bombay Burmah, which is more than 125 years old and one of the oldest companies in the country, NPL and Citurgia must be the envy of the corporate sector by virtue of their monopolistic product ranges. While NPL manufactures hydrogen peroxide for use in the textile industry, Citurgia's products include another monopoly item, citric acid, which is used mainly in pharmaceuticals and soft drink concentrates. As they supply most of the country's requirement of hydrogen peroxide and citric acid, the companies have practically no scope to expand capacities.

While the country's total demand for hydrogen peroxide (100 per cent concentrate) is not more than 6,000 tonnes per annum tpa, NPL's capacity alone comes to 4,800 tpa. And the only other manufacturer of hydrogen peroxide, Asian Peroxide Ltd (AP), happens to be a 100 per cent export oriented unit and can sell only 25 per cent of its 2,500 tpa capacity in the local market.

Though the government has granted letters of intent for three projects — to JK Industries (Singhania group), Grasim Industries (Aditya Birla group) and Ballarpur Industries (Thapar group) — for a total of 16,500 tpa, none have come to the fore as yet. Says a spokesman of Grasim Industries, "Despite having the letter of intent (LoI), we have shelved the idea as there is no market for hydrogen peroxide in India." In addition, there is a massive 57,000 tpa capacity of hydrogen peroxide registered with the government by non-Fera and non-MRTP companies.

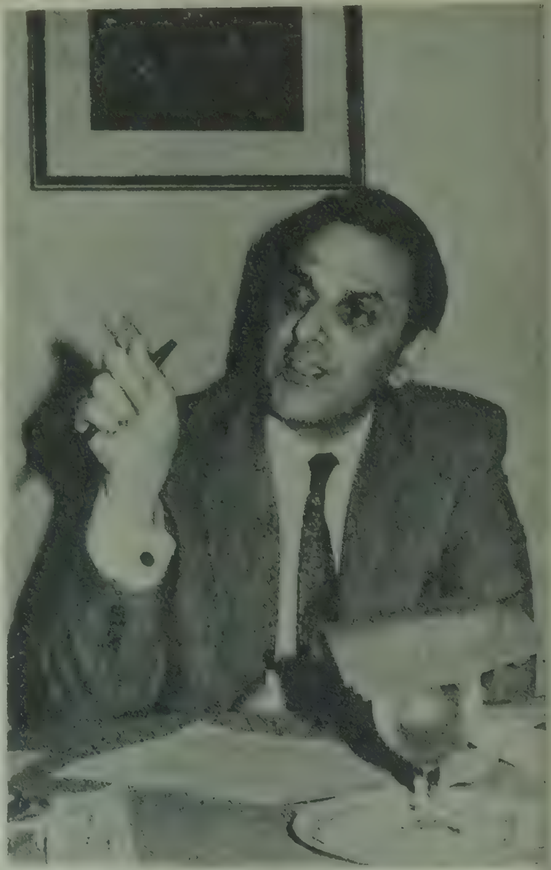
Similarly, the country's demand for citric acid is 5,400 tpa of which Citurgia makes 4,200 tpa. The remaining demand is met by imports (the product is under OGL). Once again, LoIs have been issued to seven prospective manufacturers of citric acid for a capacity totalling 21,000 tpa. Yet no project has come up so far. Says R. Bali, Citurgia's wholetime director, "Citric acid is a very sophisticated technology item. Ours is the only plant in the world, developed indigenously, using sugarcane mollasses. Abroad beetroot mollasses or corn starch is used for citric acid plants."

Exclusive technology

'The technology for these products is so exclusive that only a handful of companies worldwide control global production," adds Nusli Wadia, vice chairman of the three companies. Explaining the auto-oxidation process used for the manufacture of hydrogen peroxide, H.K. Mehta, wholetime director of NPL says, "Not only is the technology complicated, the plant for hydrogen peroxide is extremely dangerous. Unless proper precautions are taken, the whole plant may blow up."

If NPL and Citurgia appear unique and somewhat stodgy because of their exclusive technologies and limited demand, Bombay Burmah has a colourful history that dates back to 1864, when it was the world's largest teak company, logging and marketing 40 per cent of world's teak output. Though, after the Second World War, it was forced to give up its Burmese stake, it created a successful Indonesian subsidiary (P.T. Indo Java Rubber Planting Company), and thereafter delved into several diversified projects, the most important of them being acquiring tea, coffee and cardamom estates in south India. It also floated Formica India Ltd in collaboration with Formica International Inc., USA which later merged with the parent BBTC.

Till 1978, management of the company's Indian operations was done by the Pratapsinh Vissanji group; thereafter, Nusli Wadia acquired a majority stake in the company. With the object of directing the company more fruitfully, Wadia, who took over as vice-chairman in 1982 began streamlining Bombay Burmah, whose turnover after 114 years was less than Rs.25 crore. From 1982, attempts to sell the Tanzanian estates have been unsuccessful. In 1982-83, formica division of the company was modernised in collaboration with Cynamid Company Inc., USA. A year later, Kachaldara Trading Ltd (KTL) was founded as an investment subsidiary which, in turn owns several other investment subsidiaries. During 1986-87, the company also launched its leasing business.



Wadia: "For us to grow, we have to create a market"

BBTC's performance over the five years beginning 1984 has been lacklustre with average growth in turnover and cash profits remaining almost stagnant at around 2.5 to 3 per cent. After witnessing record profits in 1984-85, due to a good crop and better realisation, profitability levels fell sharply from around 27-28 per cent to around 12-13 per cent. Says B.J. Shroff, company secretary of BBTC, "The slow growth in profits can be attributed to the fact that most of our tea estates are located in southern India which traditionally realise lower prices compared to the tea crop in other regions."

Another good year

Clearly, as the company's record shows, it is tea that has determined the fortunes of BBTC. But is it always likely to be so? As on March 1989, tea accounts for about 43 per cent, laminates about 49 per cent and coffee about eight per cent of the sales. "But," says Shroff, "it all depends on the price of tea. In years when tea prices are booming, its contribution towards total sales far exceeds the rest." Indeed, the sales from tea this year is expected to soar as the tea industry has seen its second consecutive good year.

Shroff, however, admits that the company's conservative approach has been maintained. "What we need to do," he explains, "is increase our acreage in tea plantations. We have been looking for tea estates to buy, but no viable proposals have come our way so far. And with the industry booming, buying tea plantations may be even more difficult." But the rapid growth of Harrison Malayalam (the Goenka group company) in south India as well as other small buyers in the recent past, belie his complaint.

Perhaps to offset this perceived lack of a growth opportunity in tea, Bombay Burmah has a host of fully- and partly-owned operating and investment subsidiaries, all of which earn good profits and pay dividends to the parent company. In the 18-month period ending March, 1989, other income of BBTC — mainly from its subsidiary companies as dividends and interests — amounted to almost Rs.7 crore, almost 10 per cent of the total turnover..

In fact, one of the reasons for BBTC's lethargy has been the performance of its subsidiaries, according to company sources. And while its main businesses, tea and laminates, may remain pre-eminent for several years, the company has been concentrating on its subsidiaries. KTL (annual turnover approximately Rs.2.5 crore) has placed deposits and made advances and loans to the Bombay Company Ltd (BCL) which manufactures precision springs and electronic weighing balances in technical collabora-

Investors' profile

Bombay Burmah Trading Corporation

Popularly known as the "widows' and orphans' share", it is also irreverently known as a deadweight scrip. Having gone public in the thirties, the majority of the floating stock lies with Parsee families. Says the company secretary of Bombay Burmah Trading Corporation (BBTC), "The only transfer applications we receive are from old people who bequeath the certificates to their wards."

BBTC's main business comes from tea plantations, and after the tea industry performed well last year the scrip started inching up. An encore by the tea companies this year, sent prices up further. In anticipation of a bonus issue this year, the price of the Rs.100 paid-up share climbed to a new high of Rs.800 by 15 June. But low floating stock levels have hindered the regular liquidity of the scrip.

Citurgia Biochemicals

R. Bali, wholetime director of Citurgia, explains the sluggish behaviour of Citurgia's Rs.10 paid-up scrip during the past year, "It is not a speculator's scrip. It's an investor's share."

The company enjoyed a good investor interest ever since going public in 1977, but the disappointing results of March 1989 brought the price down to the range of Rs.90 and since has remained at that level.

What is surprising, is that despite the market being agog with a forthcoming bonus from the Wadia minor company, the price has failed to lift up. May be, there have been too many false alarms in the past. The ever-smiling Bali would not give a clue.

National Peroxide

NPL's Rs.100 paid up scrip enjoyed good investor popularity, until rumours that Aditya Birla's group is also contemplating to manufacture hydrogen peroxide (so far a monopoly enjoyed by NPL) brought down investor interest. But, despite the disappointing results of 1988 and 1989, the price did not go beyond 20 per cent of the Rs.1,000 mark the scrip had reached last June.

Again, a low level of floating stock is responsible for the higher price. Says broker Raju Shah, "The volume of trading in NPL shares has always been low. Even during NPL's heyday hardly 100 shares were traded in a day." For the current year, the company appears to have emerged from its bleak period. But the market, wary of the company's earlier hiccups, has refused to pick up.

Price range	BOMBAY BURMAH	NATIONAL PEROXIDE	CITURGIA CHEM
June 15 1989	450.00	1,000.00	95.00
July 15 1989	460.00	850.00	88.75
Aug 15 1989	450.00	800.00	95.00
Sept 15 1989	530.00	825.00	97.50
Oct 15 1989	490.00	920.00	96.00
Nov 15 1989	485.00	825.00	96.00
Dec 15 1989	690.00	875.00	105.00
Jan 15 1990	740.00	1,175.00	97.50
Feb 15 1990	610.00	925.00	98.75
Mar 15 1989	620.00	875.00	93.75
Apr 15 1990	740.00	825.00	100.00
May 15 1990	720.00	850.00	97.50
June 15 1990	800.00	800.00	92.50
No. of eq. shares issued	0.53 ml	0.23 ml	3.38 ml
Half year EPS (Rs)	38.87	(− 17.82)	3.43
Projected Earnings (Rs)	80.00	N.A.	9.00
Price Earning Multiple (times)	10.00	N.A.	11.00
Market price (Rs) dated 16/6/90	800.00	850.00	95.00

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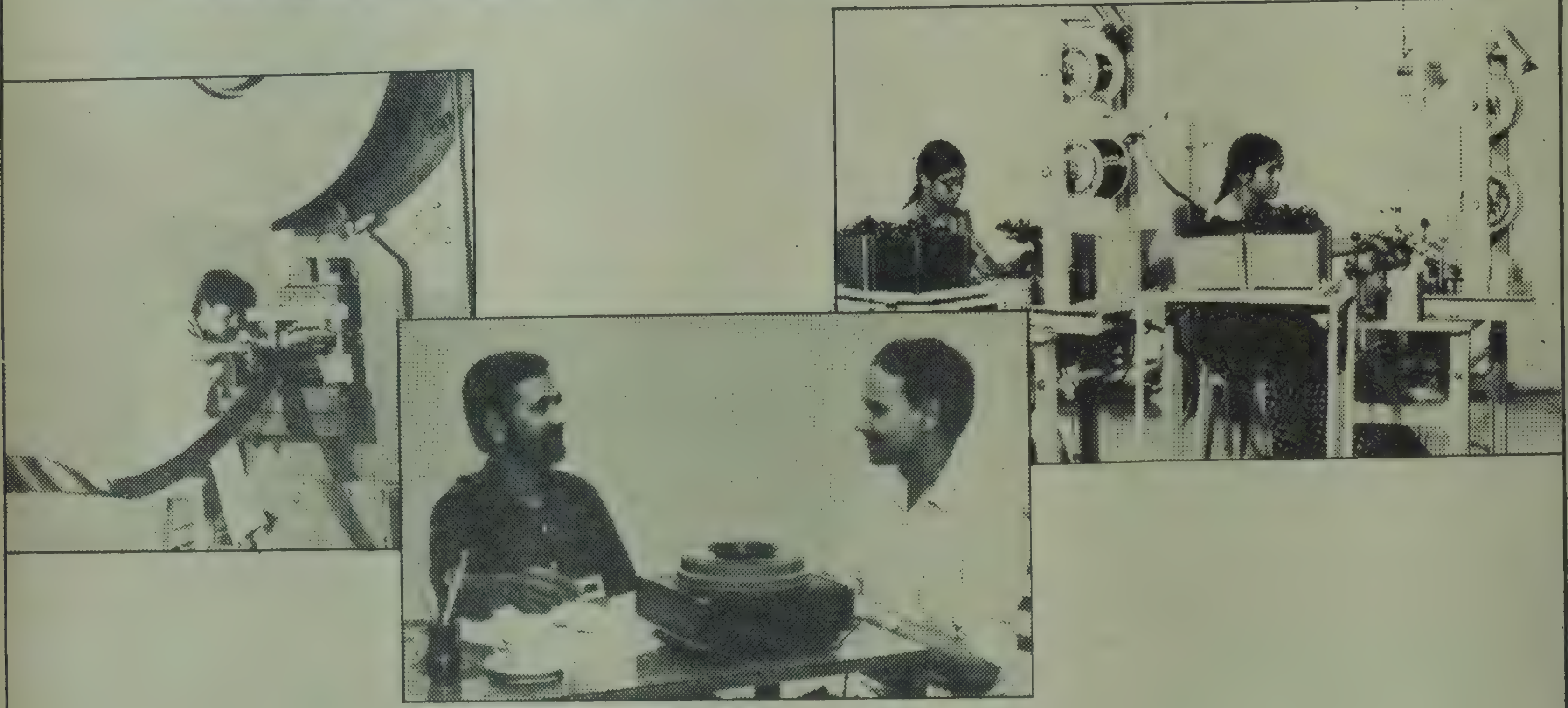

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tion with Japanese firms. BCL, which turned sick due to poor management, is otherwise a technically sound company with a good demand from the auto industry for its product range.

Ready to meet demand

KTL has proposed to merge with BCL and wants to provide finance to the latter. "The merger, if allowed by the government, will change the fortunes of BCL," says a company official. The precision springs manufactured by BCL are used in two and three-wheelers. With a factory at Waluj, Aurangabad, where Bajaj Auto, India's largest two-wheeler manufacturer has a large plant, BBTL's management expects the precision springs to be in great demand. "And when Bajaj Auto expands its capacity (it already has the licence), KTL will be ready to meet their demand after the merger," adds another official.

Mehta: labour trouble forced us to go for borrowings

Clearly, BBTC needs to restructure and expand, in tea, but more importantly in its other businesses too, in order to reduce its vulnerability to the fluctuating fortunes of tea. This is a demanding task, but so are those before NPL and Citurgia. Incorporated in 1954 for the sole purpose of manufacturing hydrogen peroxide with an initial capacity of 252 tpa in collaboration with Laporate Industries Ltd, UK, National Peroxide Ltd's turnover remained less than Rs.10 crore even into the early eighties. It was only during the mid-eighties that the company displayed some dynamism.

In 1983, the company decided to produce hydrogen to ensure an adequate supply of this vital raw material for hydrogen peroxide, Mehta recalls: "We were solely dependent on National Rayon and Standard Alkalies for the supply of hydrogen. When the former went on a long strike in 1983 — thanks to Datta Samant — we could not produce any peroxide all of the next year. That's when we decided to manufacture hydrogen in-house." The plant was commissioned in 1986.

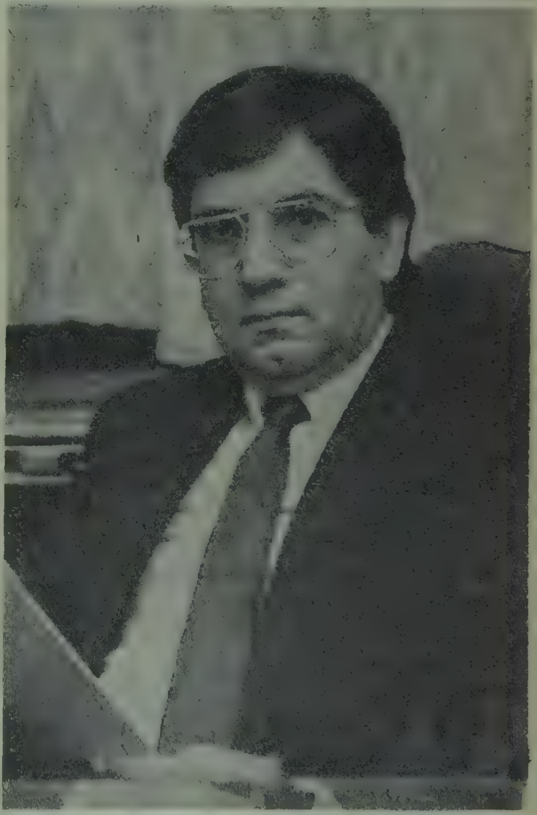
Healthy trend

NPL's business operations until 1987 were quite satisfactory with turnover and profit levels showing a healthy upward trend. However, beginning 1988, its profitability has dropped from record levels of around 28 per cent of turnover in 1987 to a low of 22-23 per cent in the subsequent year and thereafter, resulting in a cash loss of Rs.0.03 crore. But despite the severe setbacks suffered during 1988 and 1989, the sales realisation of the company's main product, hydrogen peroxide, has not suffered. In value terms, this has shown an average growth of 6 to 6.5 per cent between 1985 and 1988.

The setback during 1988 and 1989 has been mainly due to strained labour relations at its plant in Kalyan which cut production levels by 13 per cent. Says Mehta, "The labour strike between January and April 1988 led to the plant being closed. Further, we had commissioned an expansion of peroxide capacity to 4,800 tpa from the existing 4,200 tpa. To link the new expanded capacity to the existing one, the plant had to be closed for another month."

The impact was severe. With no supply of hydrogen peroxide from NPL, the rising demand boosted the price of the available local stock by more than 20 per cent. As it is under OGL, dealers began importing hydrogen peroxide in huge quantities at a price below the existing rate. About 3,000 tonnes were imported at the time. "The imported quantity was so large that we could not sell for six months after resuming production till the imported stock got over. Our plant was running at reduced capacity," Mehta adds. The situation also created liquidity problems for the company. It had to borrow as much as Rs.7.36 crore as short-term funds to finance working capital needs. It was also forced to extend over two-and-a-half months' credit to its customers, as against only eight days the previous year, severely affecting cash flow.

All this came at a time when NPL's new venture into plastic additives (under a licence agreement with Argus Chemical Corporation, USA) had just commenced commercial production at its plant at Rewas. Financed from borrowings (secured and unsecured loans jumped sharply by Rs.11 crore), NPL's interest charges showed a sharp increase of 27 per cent over 1988. Says Mehta, "Originally the plan was to finance the project through internal accruals. But the labour trouble and the subsequent imports left us no way out but to go for borrowings." The debt-equity ratio consequently reached 2.6 against only 0.57 in 1987.



Bali: we are the only ones in the world that use cane molasses

Tremendous scope

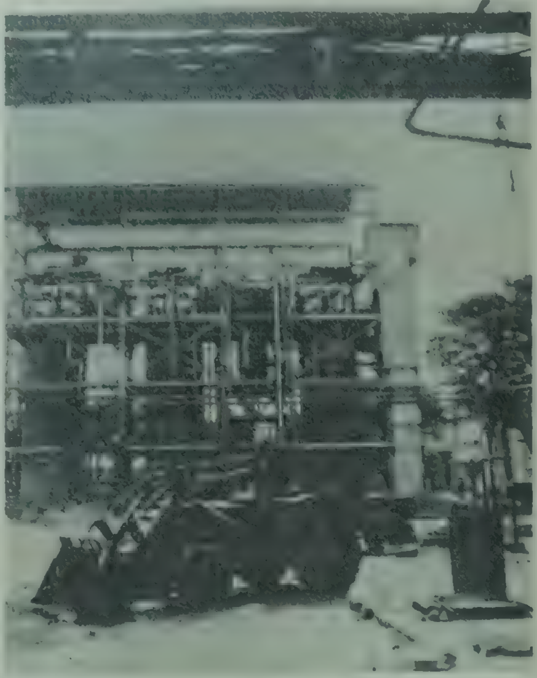
Plastic additives which have tremendous scope for growth as they are used in moulding PVC items, was a venture that the company entered somewhat prematurely. Says Nusli Wadia, "We had planned our diversification with other petrochemical plants that were to go on stream by 1988. Their delay has resulted in a glut of plastic additives mainly from the small scale sector and it will take some time before we are able to streamline our marketing operations." At present the demand for additives is restricted to low value added items by processors of PVC, a market in which NPL cannot compete with small scale manufacturers of plastic additives. The 4,000 tpa of plastic additives that NPL is licensed to produce can only be fully utilised when the proposed NOCIL expansion, the Maharashtra Cracker Gas Complex and other petrochemical plants commence production.

However, except for the 1989 performance, the company's cash earnings from 1986 to 1988 have been good in the range of Rs.75 to Rs.115 per share. In fact, the cash accrual in the last three years has been placed at Rs.5.88 crore on an equity capital of Rs.2.30 crore. This is due to the high value added nature of the company's products, reflected in attractive margins of 23 to 28 per cent. But this year, despite the go-slow initiated by the Datta Samant-led union for a hike of Rs.1,300 per month against the company's offer of a Rs.700 hike, the prospects appear good. "We may see almost a doubling of turnover from last year's figure of Rs.9 crore," says a highly placed source in the company.

In comparison, the growth of Citurgia Biochemicals (sales for the year ended March 1989: Rs.28 crore) has been much faster. Jointly promoted in 1974 by Bombay Dyeing and Sturgia Chemicals, UK, with a technical and financial collaboration with John & E Sturge Ltd, UK, the company's product range includes calcium carbonate (for use in PVC, toothpastes and cables), plasticisers and citric acid. Citric acid accounts for around 52 per cent of the total turnover of Citurgia, calcium carbonate 40 per cent and the remaining eight per cent is made up by plasticisers and sodium citrate.

During the last five years, Citurgia's financial performance has been fairly steady: the average growth in turnover has been between five and 10 per cent per year. The profit margins during this period have also averaged between 22 to 24 per cent due to the high value added nature of its products, mainly citric acid. In 1986, the company suffered a slight setback in profitability when the citric acid plant at Surat was closed for four months due to a labour strike. Citurgia has also been able to maintain very low interest costs for the last five years (except in 1989) with the debt-equity ratio being less than one.

Profits in 1988-89 have been under pressure from the sharp rise in interest costs on the repayment of equity with premium to their foreign collaborators. The foreign partnership, which owned 36 per cent equity in the company changed following the trends of the acquisition spree abroad, a number of times before finally resting with the West German company Roh Polone. After March 1987, they were consolidating their international operations and wanted to pull out. So Citurgia repaid their equity stake with a premium of Rs.16 per share. The total outflow was Rs.4.8 crore.



Calcium carbonate plant of Citurgia at Rishikesh: pioneering effort

The company's main strength is citric acid. The only other manufacturer, Citric India, is running huge accumulated losses due to poor technology and even poorer management. Citurgia is also modernising its plant at a cost of Rs.15 crore to increase the installed capacity of citric acid to 6,000 tpa from the present 5,000 tpa. It also has a capacity of nearly 30,000 tpa to manufacture calcium carbonate. Says Bali proudly, "We pioneered the production of calcium carbonate in India during early sixties. Prior to that it was being imported."

However, Citurgia how faces a threat from unexpected quarters. Internationally, the price of citric acid is between $1,500 and $1,800 per tonne. With a basic import duty of 40 per cent, an auxiliary duty of 45 per cent and a specific duty of Rs.5,000, the landed price of imported citric acid is at least Rs.5,000 a tonne more than Citurgia's price. In November, China devalued its currency and, perhaps to earn foreign exchange, started dumping citric acid at $700 a tonne. Being under OGL, the dealers in India have been buying citric acid for almost Rs.4,000 to Rs.5,000 less than Citurgia's price. Complains a visibly agitated Nusli Wadia, "We've got invoices that prove that China has been dumping citric acid in India since February this year. Our sales have suffered tremendously. We have applied to the government asking for some kind of protection against such dumping."

Sitting pretty

But barring these problems, both NPL and Citurgia have been sitting pretty due to their monopolistic control over the products. Though this is widely perceived as the reason for their slow growth, Wadia says, "For us to grow, we have first to create a market. Abroad, hydrogen peroxide is extensively used for pollution control (cleaning of sewage) and in the making of paper. Recently, however, we have started the market for peroxide in the paper industry of the country. It will take some doing and also time before Indian users start believing that hydrogen peroxide can be used in fields other than textiles."

In India, more than 80 per cent of hydrogen peroxide is used by the textile industry as against only 25 per cent abroad. The major consumer is the paper industry. Similarly, in the west, 75 per cent of citric acid is used for food products, beverages and confectionery and only 12 per cent for the pharmaceutical industry, while in India the case is the reverse. Says Bali, "With Pepsi having entered the Indian market, we envisage some growth in the market for citric acid. Hence the 25 per cent expansion of our capacity."

The diversification attempts of the Wadia minor companies have not yet paid off. NPL's plastic additives plant may take a long time to break even. Bombay Burmah's previous diversification attempts have also gone sour. However, even sticking to knitting has not always helped. China's dumping of citric acid is a case in point.

The strategy of the minor group appears to be to diversify into high value added items and to carve out new markets for their monopoly items. The results will not be evident in 1990 or even the year after, but once the NOCIL and MGCC plants go on stream, and KTL's merger with BCL is approved, the present lazy movement of the Wadia minors may just receive a shot of much needed adrenalin.

■

SHEKHAR GHOSH

Research by AVINASH GORAKSHAKAR

INSTRUMENTATION LTD

Breaking the mould

While sticking to its traditional line of business, this pioneering company is moving into varied, but related, areas of manufacture. It is also reducing its dependence on the Soviet knowhow it began with, searching wide and finding higher and newer technology elsewhere

A quarter of a century ago, the Soviet Union supplied the technology to help set up the public sector Instrumentation Ltd (IL, expected turnover in 1989-90: Rs.104 crore) at Kota in Rajasthan. Last month, IL concluded a Rs.30 crore export order to the same country. The company is to supply process control instruments on a turnkey basis for the Lisichansk refinery in the USSR.

Hectic negotiations are under way between IL and Promavtomatika of the USSR (the central design agency handling large refinery and power projects) for implementing large power projects in third countries — especially in the African continent. K. Vasudevan, who has been the company's chairman and managing director for the last five years, says this is just the beginning: "Eventually we want to have exports of between Rs.250 to 300 crore in the next five years."

Vasudevan: looking for increased exports

Pioneering company

IL pioneered process control and automation in the country. It began by producing pneumatic process control instruments with Soviet collaboration. Apart from the Kota plant, the company has another plant in Palghat, Kerala (established in 1975). Its product range includes microprocessor based digital automation systems, gas analysers, telecom equipment, uninterrupted power supply systems (UPS), defence electronics and railway signalling systems.

Recent diversification plans include setting up another plant in Jaipur to manufacture UPS equipment and also rural automatic exchanges (RAX) for which the company has a license from C-DoT.

IL went through a bad patch in the early eighties when it made the transition from the obsolete Soviet technology to the new Japanese and German technologies. What had been a monopoly market till then was opened up and international giants in the field of process control and automation — like Honeywell, and Fox-Burroughs — came in. Others, like Taylor's and Siemens, already had a strong presence.

"The market", says Vasudevan, "became extremely competitive." However, since most of the large power, petrochemical and steel projects were government sponsored, IL's order book continued to be full for some time. But, as the private sector was gradually allowed into some of the areas, this rather complacent stake of affairs changed and the company was forced to look at other options.

The original Soviet technology had become obsolete and the need of the hour was to change it. According to M.P. Jindal, general manager, Kota, "We were totally isolated because of the Soviet technology. It took us almost a decade to indigenise and absorb other technologies."

IL began the changeover in 1976, by entering into a technical collaboration with West Germany's Hartmann & Braun (H&B) to manufacture gas analysers. Eight years later, in 1984, IL again turned to H&B, this time for a microprocessor-based advanced control system, the Contronic3 range, for power plant automation.

Two years later, an agreement was signed with the Fuji Electric Company of Japan for UPS. Another was signed with Toshiba Corporation, also of Japan, for the Tosdic range of distributed digital control (DDC) systems used in process industry automation. After an investment of Rs.19 crore over the last four years, and a new Digital Electronic Unit (DEU) costing Rs.11 crore, for the manufacture of Contronic and Tosdic systems, IL was finally able to offer a range of contemporary electronic products.

Surplus management

The switch from electromagnetic processing to pure electronics, however, led to a realisation within the company that it was overstaffed. IL could ill afford redundant personnel but being in the public sector, retrenchment was impossible. Thus there was little that could be done except to look for new areas in which the surplus management could be absorbed.

In 1987 IL made its choice — it decided to diversify into railway signalling and telecommunications. The company retrained its staff and moved them to these areas. In fact, since 1985, the staff strength has gone up by a meagre 263 people — from 3,836 to 4,099. Turnover, in the meanwhile, shot up from Rs.60 crore to Rs.100 crore.

By the early eighties it had become evident that process control and automation was no more a luxury but a necessity. As a result, the market became crowded. To make matters worse, the growth rate of the process control equipment industry was also slow, estimated by the Department of Electronics (DoE) at an average annual rate of less than 25 per cent in the Seventh Plan.

Today there are at least six companies which divide an estimated Rs.280 crore (1989-90) among themselves. "Due to a large number of players, the returns are no longer as remunerative as they were," says a senior manager of Siemens, which is quite active in the process control field. "The process control industry is saturated," says Vasudevan. "I can't grow here anymore. Therefore I need more licenses."

Strong presence

Despite this foray into related fields, IL still depends on public sector companies in core areas like power, steel and petrochemicals and refineries for its business. Moreover, IL's presence is the strongest in the power sector (almost 80 per cent of its revenues come from this market segment), which unfortunately grew by only 8 per cent annually during the previous plan. The major turnkey projects that IL is presently handling include the expansion of the Madras refinery and that of the Rajasthan Atomic Power Project (2x235 MW units).

The company's experience and reputation are acknowledged by its competitors. "No one has their kind of experience in implementing process control projects in the power sector," says one. But its disadvantage, he says, is its relative inactivity in areas which require smaller control systems, like cement and plastics. Here, Siemens rules the roost.

IL's product manufacturing lines have been clearly demarcated. While the Kota plant manufactures hi-tech electronic process control systems, the Palghat plant houses the flow products division which makes control valves, safety relief valves, electrical actuators and tank level gauging systems. This plant was set up at a cost of Rs.2.7 crore in 1975 and its products earned Rs.24 crore for IL last year. The separate unit planned at Palghat for defence related products will cost Rs.15 crore, according to V.S. Narayanan, director, finance.

One area on which IL lays great emphasis is ancillarisation. Kota, for example, which is the centralised production point — ie, it is the mother plant which provides all the other units with their basic requirements — bases its production plans on those of its ancillary units. While testing, standardising and fabrication of equipment takes places at this plant, certain sub-assemblies and components are supplied by about 259 small ancillary units. The final integration, according to Jindal, takes place at the project site.

Sustaining Soviet technology

IL still runs three assembly lines — one manufacturing the Soviet systems, another in collaboration with H&B and the third using technical inputs from Toshiba. "It is imperative to sustain the Soviet technology since there are still some customers who have those products," says Jindal. In fact, IL is changing all its pneumatic equipment based on Soviet technology to a microprocessor-based system at NOCIL's plant in Bombay.

The nerve centre of the company continues to be in Kota despite the recent diversification. The new product lines — railway signalling equipment (in collaboration with Kyosan Electric Manufacturing Company of Japan, which generated revenues of Rs.10 crore last year) and telecom products — are also located there.

A Tosdic console: indigenisation of Japanese technology

But IL now faces a problem. According to S.K. Kakkar, deputy general manager at the DEU, IL has not been able to hold on to its software engineers — almost 40 per cent of the work today is software-oriented — as career opportunities are very limited at Kota. Thus, the need to shift some of the activity out of Kota.

In line with this, IL will shortly have another unit in Jaipur where UPS equipment and the telecom products like EPABX and RAXs will be manufactured. An investment of Rs.6 crore will yield revenues of Rs.15 crore in the first year. In case IL manages to secure a license to manufacture main telephone exchanges from C-DoT, the Jaipur unit will produce these too.

IL, however, has been under financial pressure for a while now. While gross profits have gone up, net profits have been squeezed. On a turnover of Rs.100.4 crore in 1988-89, net profit was Rs.2.62 crore. For the last financial year 1989-90, profits are expected to be marginally higher on a turnover of Rs.104 crore.

Heavy borrowing

In the meanwhile, the company has been borrowing heavily. In 1989, IL borrowed Rs.20 crore from the cash-rich Maruti Udyog, which has been lending huge sums to many public sector units. Though Vasudevan calls this a "continuous process", he does not divulge the purpose. Another constraint has been delayed payments. According to Narayanan, "Many state corporations, mainly state electricity boards, together owe IL almost Rs.60 crore."

And, to add to IL's difficulties, last month saw a potential embezzlement scandal at the company when K.B. Agarwal, general manager of the Jaipur based Rajasthan Electronic & Instruments Ltd (REIL), an IL subsidiary, was suspended. REIL, a joint venture with Rajasthan Industrial Development and Investment Corporation (RIICO), manufactures electronic milk analyzers and solar photovoltaic modules. However, criticism of IL was adroitly deflected as Agarwal was a RIICO nominee.

All said and done, IL's order book for the next year is healthy: Rs.165 crore against Rs.120 crore in 1989 and Rs.55 crore in 1985. Thus, it is looking forward to another active year. In fact, the next few years will be crucial for the company. With an ambitious diversification programme on the anvil, the management is confident of touching a revenue of Rs.300 crore by 1994. But this would also need an additional investment of Rs.50 crore.

If the government is averse to lending financial support, IL will either opt for public borrowings (bonds) or approach public financial institutions. The diversification and expansion notwithstanding, process control and automation will remain the main line of business for the company. As a senior manager of Siemens puts it, "That IL is sticking to its knitting is a virtue by itself."

■ RAHUL SHARMA

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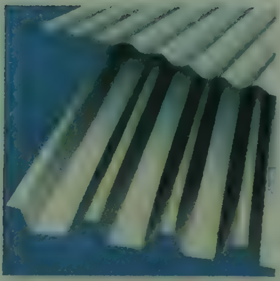

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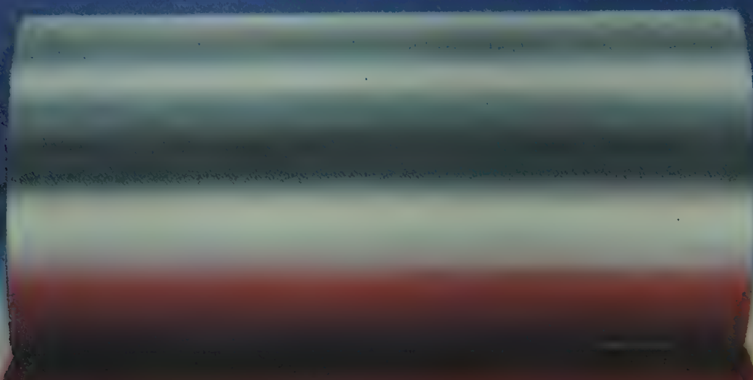

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MODI CEMENT

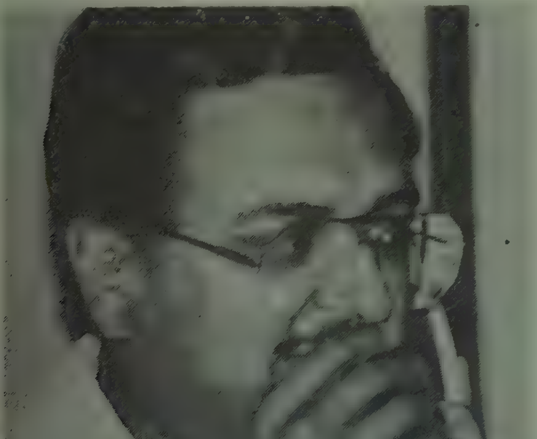
On the upswing

After a disastrous start, this million tonne company with a very high capital cost is fighting back vigorously. Last year saw a change in its fortunes thanks to a supplier's market and 100 per cent capacity utilisation

The period 1986-88 was good for buyers of cement. There was enough of it for everyone. The consumer had a wide choice in brand and quality. And the cement price rise had not only been arrested to a large extent, but even fell from Rs.73 in 1982 to Rs.65 in December 1988. A pleasant scenario, except for an obviously displeased group of cement manufacturers, especially those who had set up shop after partial decontrol in 1982.

After the 1982 cement scarcity, the government released 32 licences for plants up to a maximum capacity of 1 million tonnes. A million tonne licence was grabbed by the Modi group, which set up its plant at Raipur in Madhya Pradesh.

It was a supplier's market then and the new units were hopeful of cashing in on the situation. And no one could have anticipated the slump five years ahead, caused in part by the jump in output after 1986. Demand, however, fell 10 per cent short of projections. While in 1982, the total cement production stood at 21 million tonnes, the year 1989 saw 42 million tonnes ready to be offloaded on a beleaguered marketplace. What the country could achieve in six plan plan periods since independence was duplicated during the Seventh Plan alone.



Y.K. Modi: "no question of neglect"

Consequently, most of the million tonne plants are losing money. Yet, none can be written off, as the companies concerned are undaunted and determined to make it big. Leading them is Modi Cement, along with its closest competitors Jaypee Rewa and L&T.

The Modis set up their plant with technical assistance from Blue Circle of the UK. The plant has state-of-the-art technology, and even competitors admit that the Modi plant is the most modern in the country.

But not without a price. While other new plants were also relatively capital intensive, the Modi one cost the highest — about Rs.153 crore (in comparison, the Jaypee Rewa's one-million tonne unit cost less than Rs.120 crore). This factor, as will be seen, is of significance now, when the continuing viability of this new plant depends on its ability to pay steep interest.

A major additional problem was the split in the Modi family in 1987-88. Industry people allege that the company was neglected while the Modis were settling their affairs. When the cement plant came up, V.K. Modi was at the helm as chairman, and Y.K. Modi as vice-chairman. The family quarrel left Modi Cement in the hands of the K.N. Modi group with K.N. Modi's son, Y.K. Modi, as its boss. Y.K. Modi merely shrugs off the blame when queried on the issue of neglect: "There is no question of neglect of management."

Ironically, Y.K. Modi's statement comes in the wake of yet another management change. Family quarrels within the K.N. Modi group have forced Y.K. to relinquish his post as managing director. His younger brother, D.K. Modi is the new MD. The senior management in the company is wary of this development, especially since D.K. Modi has little experience in cement (*see box*).

Although there are rumours in the industry that the Modis had siphoned off considerable funds, it is still debatable whether the factory could have been built at a much lesser cost. (The Modis naturally deny the allegation.) As its chief executive and director (commercial) R.K. Singhal reiterates, "Our aim was to build the best possible plant, and not to balk at cost. We have achieved that target, and it shows in the quality of our product."

D.K. Modi: "we are going to be among the leaders..."

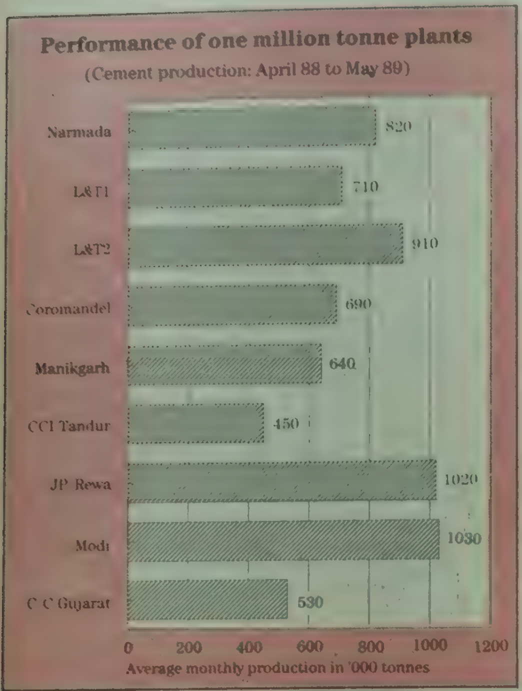
Heavy burden

Nevertheless, the high capital cost is a heavy burden today on the company. No wonder then that it started disastrously, recording losses of Rs. 11.37 crore in 1987-88 and Rs.7.43 crore the next year. This trend continued, to the extent that the company had, by late last year, eroded half its equity base of Rs. 43 crore, making it a potentially sick company in the eyes of the Board for Industrial and Financial Reconstruction (BIFR).

In its mandatory report to the board, Modi Cement has claimed that it has turned the corner and that it could make it on its own. "We are not asking for any financial reconstruction," says Y.K. Modi. BIFR, too, appears to think that this unit can pull it off. But yet, the problem area is that every month the company's interest liability is Rs.1.9 crore while depreciation takes away Rs.64 lakh.

The year 1989 marked a sea change in the company's hitherto dismal fortunes. The glut of 1988 gave way to a supplier's market as demand perked up. Also, Modi Cement reached 100 per cent capacity utilisation, producing a million tonnes per annum. These two factors have helped it show gratifying results for the six months ended 31 March where operating profit stands at a respectable Rs.12.13 crore and profit after interest (and before depreciation) at Rs. 84 lakh.

Also, unreported results for April 1990

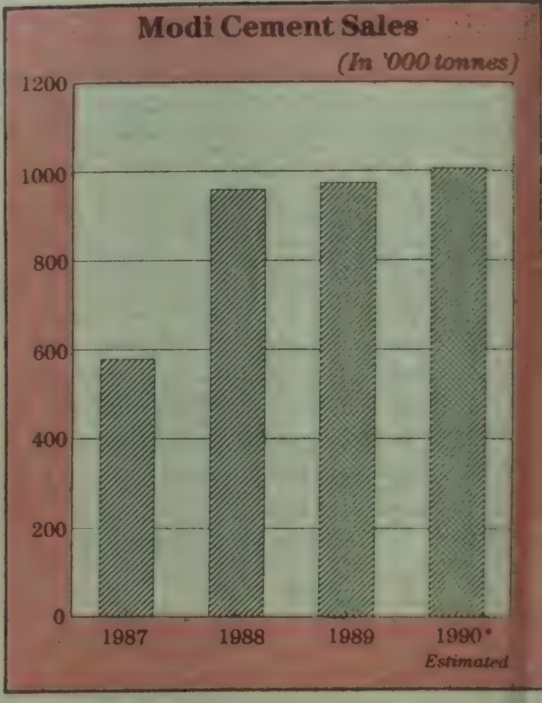


give the company (for the first time) a profit (though marginal) after interest and depreciation. Against a gross profit of Rs.3.14 crore in the month of April, Modi Cement claimed a net profit of Rs. 64 lakh. "If the present market continues, we can make cash profits of Rs.1 crore a month," says a confident Singhal.

That's easier said than done, as the Modis themselves admit. But yet they are optimistic because of three factors — market appreciation, production efficiency and quality consciousness.

Modi Cement, as also its competing post-1982 plants, would like to forget the 1988 market scenario as a bad dream. Cement was in excess supply and construction activity, too, had shown a decline. The informal cartel of big suppliers, mainly Associated Cement Companies (of Tatas) and the Birla group, had pushed prices down. This year, however, brought good tidings for the industry as a whole, with demand perking up and the new government promising to do a lot in the sphere of development programmes which entail big construction. This upswing, even conservatives say, will continue for the next three years, with an accompanying boom in the housing sector and in rural development programmes. Couple this with the fact that the Narmada project will use over a million of tonnes of cement every year and that road concreting has promised to start off in a big way, and one gets precisely the scenario which Modi Cement Ltd is looking for to take it out of its trouble. Says a pleased D.K. Modi, "I see a boom for the next five years."

How efficient is Modi Cement? The one area where the organisation has done undoubtedly well is in production efficiency. Beginning with 59 per cent capacity utilisation in its first year of production, the company surged ahead the next year, reaching 88 per cent, which meant an output of nearly 900,000 tonnes a year. Production from the plant has been a consistent 10 million plus tonnes since April 1988, while in April 1990, the plant peaked at an efficiency of 103 per cent.



But peak production alone may not help pull this company out of its predicament in quick time. "We shall show substantial profits this year onwards, but to clear our interest liability faster, we need to expand our capacity," says Singhal. The idea is to quickly upgrade output to

Crucial years ahead

The settlement of the recent family squabbles in the Modi group by the splitting up of assets had given the impression that all was finally well with this corporate giant.

But the calm was not to last. While the earlier round witnessed divisions between the families of G.M. Modi and K.N. Modi, the current tussle has resulted in a sub-division of assets within the K.N. Modi group.

K.N. Modi's son Yogendra Kumar Modi, who was managing director of Modi Cement Ltd, has been divested of his involvement in this unit from 1 April this year. His younger brother Devendra Kumar has taken over this Rs.109 crore company. However, Y.K. Modi will continue his nominal presence in Modi Cement's management committee till next year.

The sub-division of assets has left K.N. Modi's eldest son Mahendra Kumar with Modipon Ltd. Yogendra is to look after Modi Alkalies Ltd and Modi Champion Ltd, while Devendra gets the cement company.

In fact, D.K. Modi will be the third boss of Modi Cement. The company was looked after in its first four years by V.K. Modi of the G.M. Modi family. He directed the setting up of the enormously expensive plant, which boasts of the most modern technology. The management then passed on to the hands of Y.K. Modi, who steered this cement unit through its critical stages of production. And now that Modi Cement has reached its optimum output level of one million tonnes, D.K. Modi has taken over.

Morale affected? "The future is bright. We are going to be among the leaders in five years' time," says a beaming D.K. Modi. But doesn't this constant change in management affect the morale of its staff? "Not really," says D.K. Modi, "There was a change only once, when Y.K. Modi took over. Of course, I am the new MD now, but otherwise things will go on as usual."

Though talk of such a division of assets was in the air, the senior managers of the company are in a flutter. From the flamboyant style of their first boss, V.K. Modi, they went through the second phase under Y.K. Modi, who is generally admired among the staff as being "stable and consistent". The question now is: how will the new setup function?

D.K. Modi has been in his new post for a month now, but has not yet managed to put his senior executives at ease. Although a qualified engineer, with a doctorate to boot, his inexperience raises a question mark about the prospects of the company.

Starting off with losses (in 30 months) of over Rs.22 crore, Modi Cement has only this year begun to harvest cash profits. Among the new MD's immediate tasks is stabilisation of current performance and the supervision of the proposed expansion of the plant. The next two years are crucial.

reach 2.5 million tonnes within two years. To achieve this within the existing infrastructure and with minimum additional input cost, the company plans to hike its production of slag cement, which contains just 50 per cent of limestone as compared to the widely used OPC (ordinary portland cement), which uses 86 per cent of the raw material.

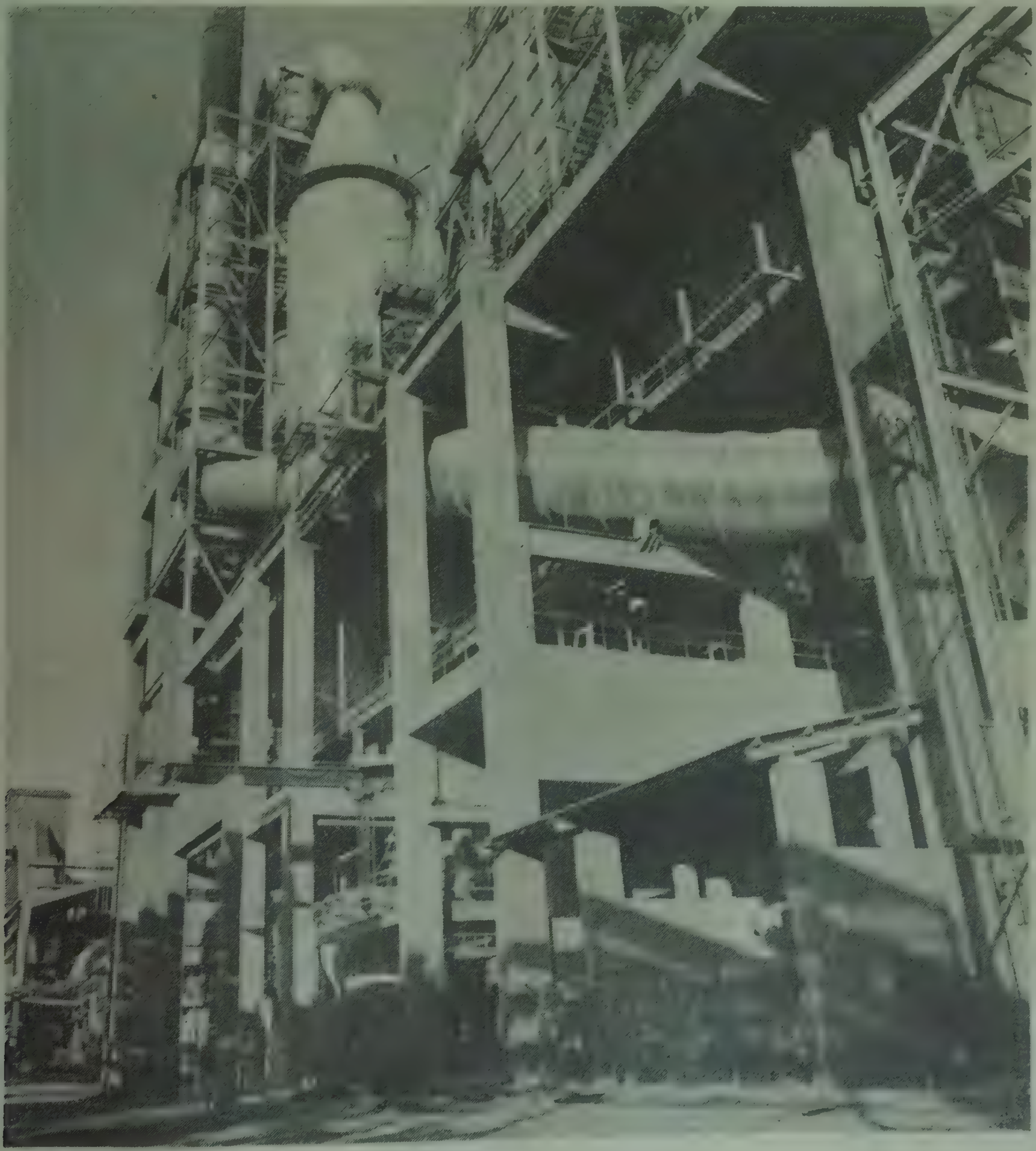
Enhancing income

The idea is that the same quantity of clinker produces almost double slag cement (as compared to OPC). And yet, it sells just a rupee or two lower (per bag). So if Modi Cement can find the means for an uninterrupted supply of slag and at a cheap rate, it can significantly enhance its income. For this, it has already signed a tie-up with the nearby Bhilai steel plant for a steady supply of slag. Also, marketing should be no problem since the company has a captive market in the east.

"My five year strategy is this," says D. K. Modi. "To double production at Raipur, to eventually put up another one million tonne plant somewhere in the east, to enhance export, and to cut the cost of production further."

This last part has proved important for Modi Cement. While the capital cost has been high compared to other one million tonne plants, the operating cost of production is among the lowest. Though the average net cost of one tonne of cement stands at Rs.1,678, the direct cost (raw materials, packing, power, fuel, staff plus overheads) incurred by the Modi unit is just Rs.657 per tonne, the rest being accounted for by interest and depreciation, freight, excise and sales tax.

Further, D. K. Modi has just returned from his trip abroad with a Japanese tie-up in his briefcase. Nihon Cement Co Ltd, a leading cement manufacturer and consultant, has been entrusted with an energy saving task. Currently at Modi Cement, 110 units of electricity are used for the production of one tonne of cement. The Japanese firm has promised to cut this down by at least five per cent and expressed the hope that the figure could even come down to 100 units per tonne to save the company over Rs.2.5 crore each year.



The Raipur plant: highly capital intensive

Quality features

The state-of-the-art technology which cost the Modi company so much offers in return a degree of quality. In fact, a major expense was the construction of the "double stacker system", a coal dome and a cement silo. The first ensures uniform quality of the limestone, the second, homogeneity in coal standard, and the third, protection to the clinker produced against inclement weather. All three are quality features unique to this plant, courtesy their foreign collaborators.

Today, the Modi bag commands a premium in its natural market in eastern India, Bengal, east UP, Bihar and Orissa. Competitors attribute this not to the quality of the product but rather to the fact that the eastern region is starved of cement. But even presuming that it is the quality that sells, was it worthwhile to put in an additional Rs.25 crore into the plant when the resultant quality fetches a premium of Rs. one a bag, ie, about Rs.two crore a year? The return does not seem worth the additional cost. But Singhal says, "We are looking ahead to the market five years hence when quality is bound to be demanded by every customer".

It is a fact that while there may have been a buyer's market in cement for some years now, with manufacturers budgeting higher and higher amounts for advertising to counter the stiff competition, there is still time before there will be any real brand war. A customer today might opt for an "ACC bag" or a "Modi bag", but that may be more due to familiarity than any real quality consciousness.

The Modi Cement scrip today is quoted below par, at Rs.7.75 (after a peak of Rs.11 in November 1988). The reason is obvious, considering that it has registered losses of Rs.22 odd crore. But with cash profits flowing in this year, Singhal hopes for a gradual upswing in its value. Y.K. Modi says with unusual candour, "The share price cannot jump overnight. But I think this scrip will make it good in the long run." Which will require very hard work, and a lot of motivation from D.K. Modi.

■ R.S. VENKATESH

Perish the pernicious PMP!

Now that a new industrial policy is being debated, it is important to examine the phased manufacturing programme (PMP) concept which was meant to ensure rapid industrial development, but which is in fact, perhaps, one of the pernicious elements of our industrial policy. It was a well-intentioned attempt at achieving a greater amount of local content in manufacturing. But in practice, it is observed largely in the breach.

The ineffectiveness of the PMP mechanism stems from a fundamental weakness, viz, its Theory-X like mistrust of industrialists and dependence on compulsion to achieve what the officials in their interpretation of national interest believe must be done. In fact, no amount of compulsion can persuade a rational businessman to take, what he is convinced is a fundamentally unsound economic step, if it is of any significance. It is hardly accidental that many of the PMP-controlled industries continue to be "screwdriver-assembly" activities.

First, let us examine what the PMP mechanism strives at. Two things perhaps stand out: development of a domestic industrial infrastructure as a strategic strength and/or reduction of foreign exchange outflows. The strategic argument being: if India is to progress rapidly to becoming a first-rank country in global terms, then we must have the variety of manufacturing processes that such a first-rate economy depends upon. In a sense, then, this is a restatement of the self-sufficiency objective we have been pursuing with mixed success for the past forty years. It makes no economic judgements: the need is argued to be a strategic one, not one that is necessarily economically efficient.

Reducing outflows

For the bulk of the economy, however, this strategic argument is not applicable. This is where the second argument comes in, viz, the desire to progressively reduce foreign exchange outflows on account of industrial inputs: generation of outflows or balancing inflows and outflows seems to be ignored with the focus being entirely on reducing outflows.

Ironically, the PMP mechanism imposes an unfair burden on the government official too. Is it really possible for a government official to know what the manufacturing economics are for each of hundreds of thousands of products that the economy needs and the multiple production alternatives that each product permits? The current PMP is rigid, being based on a programme of physical components to be indigenised in accordance with a certain time-table.

In a world where exchange rates vary wildly and production advantages shift from country to country each quarter, how reasonable is it to assume that the price differentials and other assumptions underlying a certain PMP would remain valid for two, three or more years into the plan? Market volumes may not grow as projected, technologies may make certain sets of components obsolete because they are replaced by a single more capable component, exchange rate variations may make a mockery of capital goods installation plans, changed production technologies may raise minimum economic capacities abroad, may make economic nonsense of any make-versus-buy decisions made three or five years earlier in PMP plans.

All these make the original PMP in fact largely a pious statement of intent and nothing more. The BICP in a study of the personal computer industry came to the conclusion that forex savings from indigenous manufacture were in fact negative or nil. The analysis of many other products might reveal similar conclusions, if an honest attempt is made to include capital goods costs in foreign exchange as well as ill-tallied OGL imports of components and inputs.

> **The PMP mechanism imposes an unfair burden on the government official too. Is it really possible for a government official to know what the manufacturing economics are for each of hundreds of thousands of products that the economy needs and the multiple production alternatives that each product permits?**

The key requirement therefore is to make it economically attractive to indigenously produce or process certain components, permitting the industrialist flexible yet rational economic decisions based on changing market and other factors. The economic attractiveness of domestic production must come from pricing differentials. Mere use of sky high import and/or excise tariffs to create these differentials only encourages smuggling as those in the textile, personal computer, watch and a host of other industries will testify. Rather the disincentive to acquire from abroad and the incentive to perform locally must come from the high cost of foreign exchange to acquire these items abroad.

The eximscrips mechanism to provide freely exchangeable scrips ("money") to exporters based on total national import requirements, and in which these scrips serve as the only means of import, is perfect for this purpose. It also restores well-deserved attention to the other side of the balance of payments equation, viz, inflows of foreign exchange.

By avoiding interference by officialdom, it provides great flexibility to the industrialist while still ensuring a strong incentive to make economically sound decisions to produce as much as is practicable locally. The eximscrip mechanism therefore makes the PMP concept entirely redundant. Yet the mechanism gives more than adequate macro-level control to the government to ensure that we do not fall into external debt traps. It also moves us one step closer to a freely exchangeable rupee.

The abolition of the coercive PMP mechanism and the institution of an incentive-based mechanism such as the eximscrip will also remove a major irritant in the current discussions between India and a number of countries, eg the EEC, Japan and the US — the industrial policy features that inhibit greater investment in and greater technology transfer to India. And this in turn would permit us to abolish coercive export obligations, which is the other irritant in these negotiations.

■ PRAKASH HEBALKAR

The author is an international business consultant focussing on strategic alliances and exports

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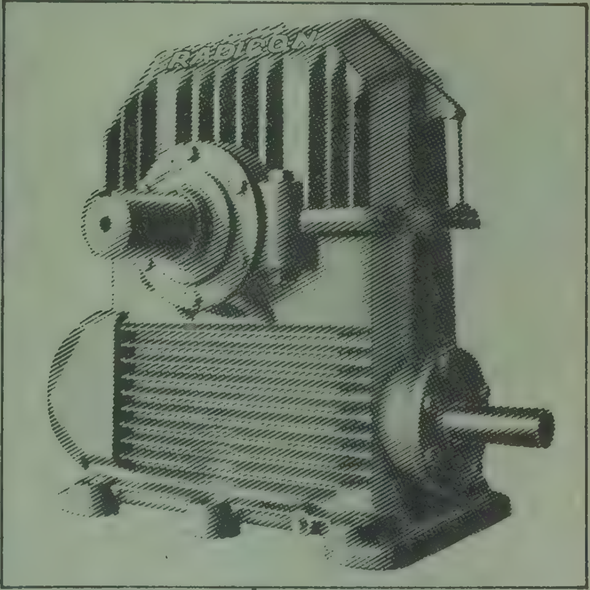

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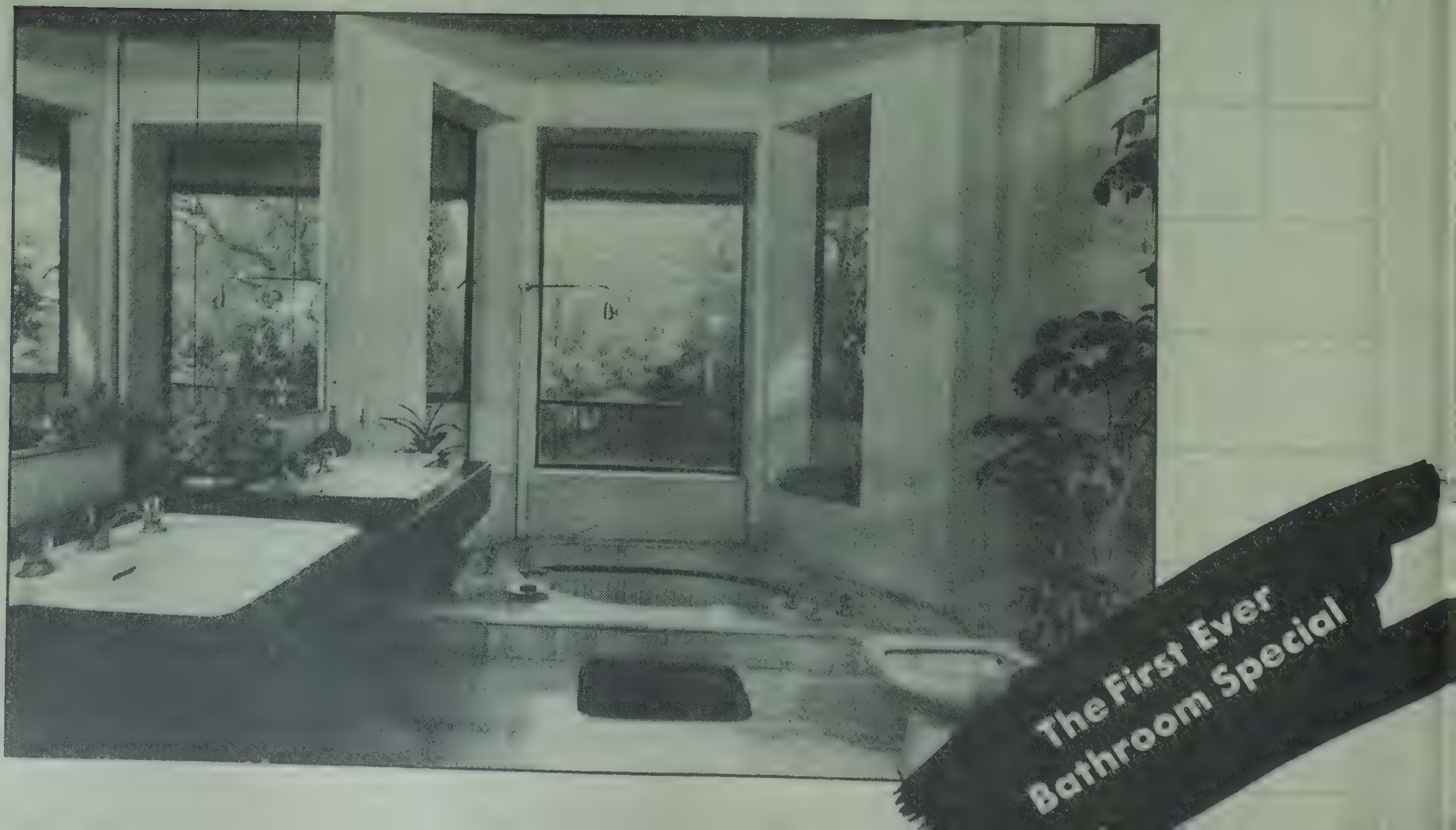


DEFENCE PRODUCTION

Arms and the businessman

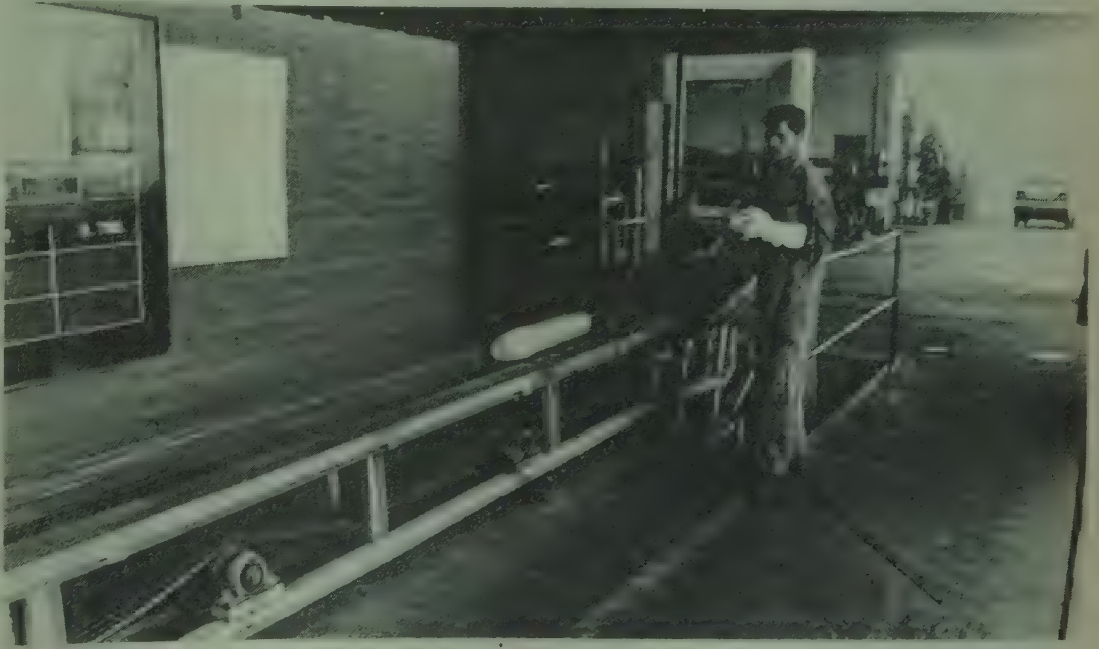
Defence production has hitherto been out of bounds for the private sector. But recent moves by the government indicate that private manufacturing will now have a greater role to play in meeting the needs of India's defence establishment

With the increased pace of liberalisation, one area to which doors are being opened for the private sector is defence. Though the speed at which the private sector has been allowed entry has been excruciatingly slow, over the last 18 months the pace has quickened. In line with this move, early this year the Department of Defence Production and Supplies (DP&S) published for the first time a list of items which could be produced domestically by private industry. Immediately afterward, in response to a request from the government, Assocham initiated an exercise to identify members who would be willing to cater to the defence sector. Forty-nine members expressed their willingness.

These two moves follow the finalisation of a scheme in November 1989 to amortise costs incurred by private sector companies in developing new items for defence. The defence ministry has agreed to defray part of a company's development cost, if it is more than 25 per cent of the value of the order as well as quite high (say Rs.1 crore). The scheme however is yet to be implemented.

The government has also intensified interaction between defence and industry. In fact, a two-tier mechanism was set up in 1985 for this purpose. The mechanism consists of an apex body, which meets annually, and three functional groups; on vehicles, ancillaries and engineering; electricals, electronics and instrumentation and; on lubricants, chemicals, textiles and general stores. Says a senior official of the DP&S, "Since the government is hamstrung by a severe resources crunch, the idea is to relocate some defence production facilities in the private sector. This is not too difficult considering that many private sector companies have production capabilities for items required by defence. This will ease the pressure on ordnance factories and defence public sector undertakings."

"Currently 85 per cent of India's defence needs are being imported," he adds, "In an adverse balance of payments situation, the country can ill afford this. By involving the private sector, which will supplement the efforts of the ordnance factories, we are only trying to hasten the process of indigenisation and ease the foreign exchange situation in the long run as well."



Gunshells being manufactured in a private plant

Some selected items for which the centre is keen on rapid indigenisation are: anti-tank weapons, small arms and components, armaments, armour, ordnance for artillery, recoil systems, meteorological and field control radars, fire control equipment, electronic warfare equipment, switching systems, mine detectors, mine marking stations, combat engineering tractors, devolution explosives and special cold climate clothing.

Many items are hard core weaponry and private industry cannot produce them without an amendment to the industrial policy of 1956. The government wants the private sector to produce subsystems, components and parts for this weaponry, assembly for which can be done in ordnance factories. The private sector in its present state is probably not equipped to manufacture some of the equipment anyway. An Assocham survey discovered that most of its members who expressed their willingness to enter defence production manufacture electrical equipment, machine tools and equipment or are in basic metals and foundry industries.

Non-critical items

Even without the latest round of measures, the private sector is already in defence production in a small measure. In 1988-89, the latest year for which firm data is available, private sector production for defence was Rs.134.02 crore; from April to December 1989, the figure is Rs.170.55 crore. This, however, is far below the total production of ordnance factories — Rs.2,242 crore in 1988-89 — and that of defence public sector undertakings — Rs.2,522 crore — the same year. Large business houses which have made forays into this field include the Tatas, the Birlas, the Thapars, the Mahindras and the Kirloskars. But these companies predominantly produce non-critical defence items like jeeps, ammunition components, batteries and clothing.

Nevertheless, the government's definite effort to expand the private sector role in defence production is conspicuous. Arun Kirloskar, chairman of Kirloskar Cummins, says, "Defence authorities are increasingly opening up towards private industry. The desire to cooperate seems to be developing and it is only a matter of time before the private sector gets involved in a big way in making defence components." Last year, 10 per cent of Kirloskar Cummins's Rs.227 crore turnover was from defence contracts.

The government's task, however, is going to be far from simple. Unlike in the USA, Britain or France, where most defence needs are met by private manufacturers, the Indian military establishment's obsession with secrecy makes dialogue between industry and the government that much more difficult. Says Baba Kalyani of Bharat Forge, which supplies about 20 per cent of its annual production to the defence sector, "Secrecy is a major inhibition. Indian firms are rarely given the kind of infrastructure that is supplied to foreign manufacturers."

Ammunition shells stacked for despatch

But even when information is available, the private sector has several other problems. Says D.H. Pai Panandikar, secretary general, FICCI, who is a regular participant in industry-defence dialogue, "One of the major problems is the fixing of prices, mainly because it is a monopoly situation. So prices have to be fixed by negotiating."

Exposing costs

Setting prices would have been that much easier if defence authorities did not insist on private companies disclosing their production costs. A DP&S official defends this stance, "In such a situation the only way to fix prices is on a cost plus basis. For this we must know the cost structure."

"No producer would like to expose costs, which is a commercial secret," counters Pai Panandikar. "This is why amortisation of development costs has not worked well in practice." Even to amortise expenses, defence authorities insist on verifying production costs. But the DP&S official defends this as well, "We have to know details of costs. We know that they inflate prices. And given a chance they tend to form cartels and rig prices."

An equally daunting problem is the size of orders and the government's lack of long-term perspective on defence needs. K. Subrahmanyam, defence analyst and former secretary, DP&S, comments: "The private sector wants a long-term commitment on orders, so that a steady production schedule can be sustained. Only this would make it worthwhile for companies to invest in production facilities for defence. But due to the vagaries of the central budget and arbitrary cuts, defence establishments cannot do anything of this sort. Orders fluctuate a lot. The financial procedure and ordering approach must change." Adds Baba Kalyani of Bharat Forge, "What prevents realistic private sector participation is a total lack of planning. In India, orders are usually need based and for the short-term."

This lack of planning often creates havoc. A prime example of it is Bharat Yantra Nigam (a public sector company but not under the defence ministry), which set up capacity for 105 mm shell forgings but soon found orders dwindling. Much worse is the case of Ruston & Hornsby (India) Ltd. At the request of the defence establishment, the company accepted the job of re-engining East European vehicles at a considerable cost. These engines, for the Kolos Tatra 814 tank transporter and Topaz armoured personnel carrier, were subjected to extensive field trials for over 2-3 years and were finally approved. The government then called for tenders for these engines, but even after the tenders were opened, contracts have not been finalised. And Ruston and Hornsby has spent a considerable amount to develop the product. Says R.S. Chopra, general manager, "If the government expects active private sector participation it must ensure that firms are assured adequate return on investment, within a reasonable time frame, besides assuring business on a continuing basis."

To complicate matters, even when funds are plentiful, defence authorities split orders between suppliers. This is done to pre-empt cartels and develop more than one reliable source of supply. But it often leads to unutilised capacity and production. Says Tanmay Dutta, joint managing director, Indian Seamless Metal Tubes, which supplies 20 to 25 per cent of its annual production to ordnance factories for rifle barrels and shell casings, "The system of periodic purchase by issuing tenders doesn't really justify sustained investment in R&D."

The quality of items produced by the private sector has been another major bone of contention. Says Subrahmanyam: "Quality control is a major issue with defence, but this is not one of the strengths of our civilian sector. This has prevented more orders to the private sector. On one occasion production of a certain carbine was offloaded to the private sector. The carbine had 130 parts, but the private party could make only 122. And the eight it couldn't were the most crucial ones. Thus production had to be returned to the ordnance factories."

Private sector representatives, while admitting that some criticism is valid, assert that defence authorities are partly responsible for the problem. Says Pai Panandikar, "Testing items takes a long time. This diminishes the private sector's interest: in some cases trials have taken as long as three years. Normally, it should not take more than 12 months. And prototypes and designs of the items wanted are not provided."

Still some problems

Now that defence and industry have decided to co-operate, some of these problems may be eliminated. But other issues have been thrown up. "Why not privatise some of the ordnance factories?" ask some experts. A few ordnance factories, like those in the Kanpur group, are producing non-sensitive items like clothing, harnesses, parachutes and saddlery and are eminently suited for privatisation.

Others suggest that the industrial policy be amended to allow the private sector into the armaments industry. Some observers see the move as premature but are agreed upon the need for a clear government policy demarcating areas for the private sector and ordnance factories in defence production. Whichever persuasion is followed, the signs are clear: defence is no longer the no-man's-land it used to be for the private manufacturer.

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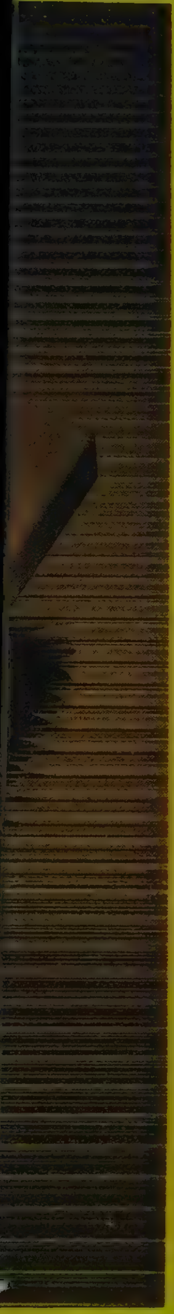

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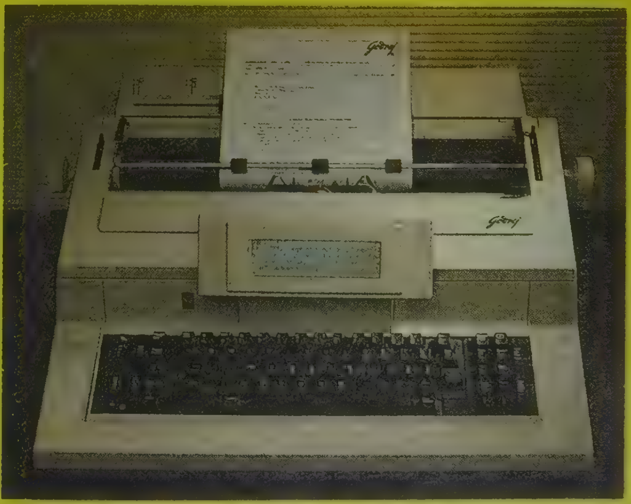

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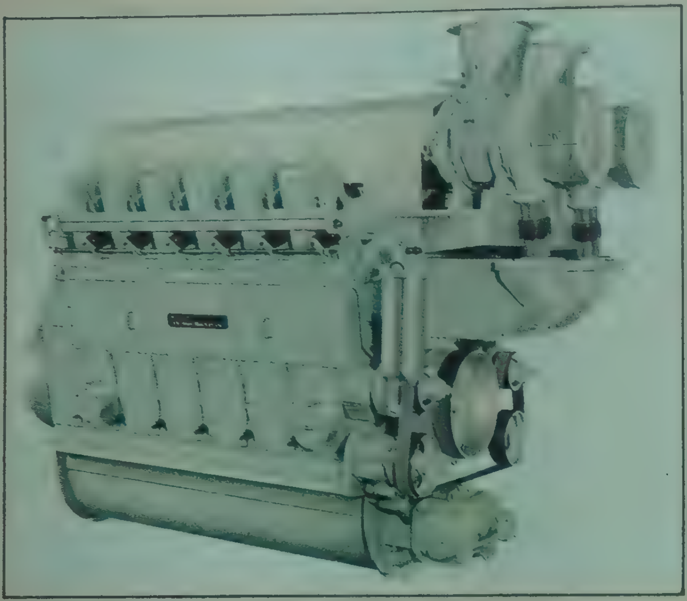

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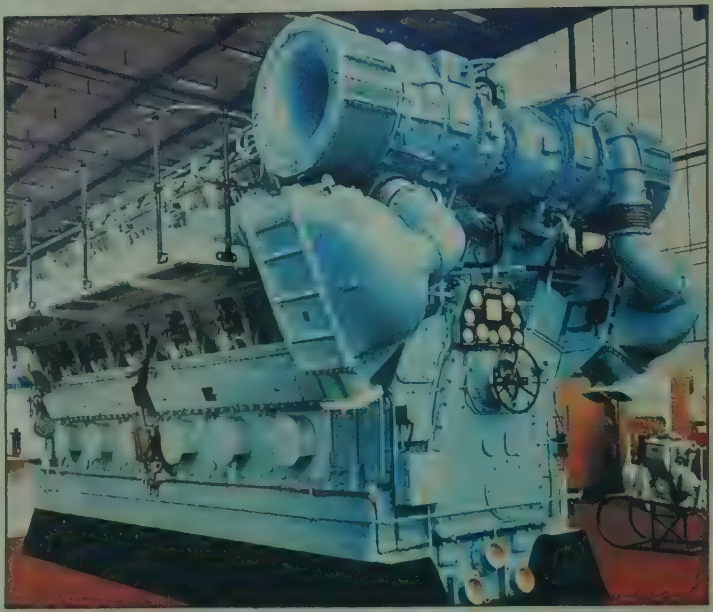

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DRUG INDUSTRY

An overdose of controls

The pharmaceutical industry is in turmoil as a result of the actions of the minister for petroleum and chemicals, M.S. Gurupadaswamy. While the companies stand to lose substantial amounts, there is also a distinct possibility of shortages in some vital drugs

In his spacious ninth floor office at South Bombay's Hoechst House, E. Baltin is spewing fire. "They treat us like petty criminals," the managing director of Hoechst India says. "Why should the government so actively discriminate against the pharmaceutical companies and stifle their growth when it is committed to the growth of the rest of the industrial sector."

The target of Baltin's rage is the ministry of petroleum and its present czar, M.S. Gurupadaswamy, who has plunged pharma companies into a fresh round of turmoil through his recent actions. Last fortnight, Hoechst India was served six notices, asking it to pay up Rs.25 crore the government says the company earned as unintended profits in the 1981-83 period by selling drugs that are under price control. "In fact," says Baltin, "we made a cumulative loss in the first six years in our domestic pharma sales. The question of making this kind of a profit does not arise. And I am determined not to pay."

Hoechst received the notices under a government order of 1979 that required companies making drugs under price control to deposit profits earned out of factors like a fall in input costs, into the Drug Price Equalisation Account (DPEA) held by the ministry. Conversely, companies that made a loss as a result of the rise in input costs were to be compensated from the same account. And the method employed to arrive at the unintended profit figure was a constant source of friction between the drug industry and the government.

Who owes who?

This conflict led to several court battles and eventually it was abolished in the 1986 Drug Policy announced by the Rajiv Gandhi government. However, by then about 30 companies were already forced into paying varying amounts into the DPEA. Among others, Glaxo paid Rs.8.19 crore, Cynamid India around Rs.1 crore, and Hoechst Rs.3.1 crore. Accordingly, Baltin says, Hoechst does not owe the government any more money. "Instead," he claims, "the government should compensate us from the DPEA for the losses we sustained in our pharma business till about 1987."

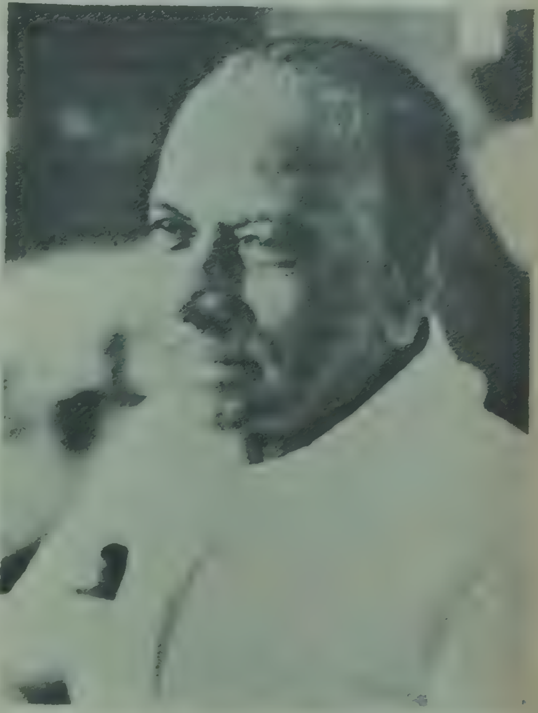
Baltin isn't the only one who feels that way. The government has, in the last few weeks, issued more than 40 DPEA notices to various companies. As many as 19 rifampicin manufacturers have collectively been asked to cough up over Rs.8 crore. Glaxo has been told to pay Rs.37 crore and Cynamid India, over Rs.3 crore. At least one Bombay multinational is known to have already paid up so as not to displease the minister; the others are seeking legal advice on their next course of action.

The industry sees this as not just an isolated action but part of the minister's calculated attempt to harass them. Gurupadaswamy was a thorn in the pharmaceutical companies' side even when he was an opposition member for many years. He had bitterly criticised the 1987 drug policy for being industry, rather than consumer oriented.

Intentions clear

Gurupadaswamy made his intentions amply clear within weeks of taking over the ministry in December. Three months ago, at his first press conference in Bombay, he declared that the 1986 drug policy, which had provided long delayed relief to the tightly controlled pharmaceutical industry, was not going to guide his actions. For the industry, this was disastrous, because since 1987, if not earlier, the general feeling was that most of the outstanding issues between the government and the companies had been settled as a result of the new policy, though many of its provisions had still not been implemented.

This February, Gurupadaswamy first appointed a 'standing committee' under the chairmanship of M.S. Gill, secretary in the department of chemicals and petrochemicals in his ministry, to review the 1986 drug policy. The industry sought to meet him soon after, to which he agreed. But even before the meeting was arranged, and before the standing committee could give its report (which it still hasn't), in late February Gurupadaswamy issued orders to bring 21 bulk drugs under price control.



M.S. Gurupadaswamy: stubborn minister

In a letter to the minister, A.S. Agarwala, president of the Organisation of Pharmaceutical Producers of India (OPPI), and N.I. Gandhi, president of the Indian Drug Manufacturers' Association (IDMA), two of the largest industry associations, have said: "The government has not taken the industry into confidence, nor has it spelt out the criteria on the basis of which it has included these 21 drugs under price control." They added that "this arbitrary and unilateral step of the government is totally out of tune with the declared policy of having open government. In fact, the earlier policy of decontrol based on criteria set down by an expert committee is being reversed." But the minister was not fazed. "Whenever I find a drug overcharged, I bring it under price control," he told Parliament as recently as 20 May.

The issue has for the first time united IDMA, which represents largely Indian pharmaceutical companies, and OPPI, which is made up of multinationals. But even their combined efforts for dialogue with the government has thus far met with little success. The two have met Gurupadaswamy twice in the last four months; together, these meetings lasted 70 minutes. "We got the distinct impression that he has made up his mind and

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did not want to listen to anything we had to say," a participant says.

Gurupadaswamy's intransigence has brought about the grimmest confrontation between the industry and the government, the highlight of which has been the series of not-so-subtle advertising campaigns carried by the country's leading newspapers over the last few weeks. "For us it is a question of survival," says I.A. Alva, secretary general of the IDMA.

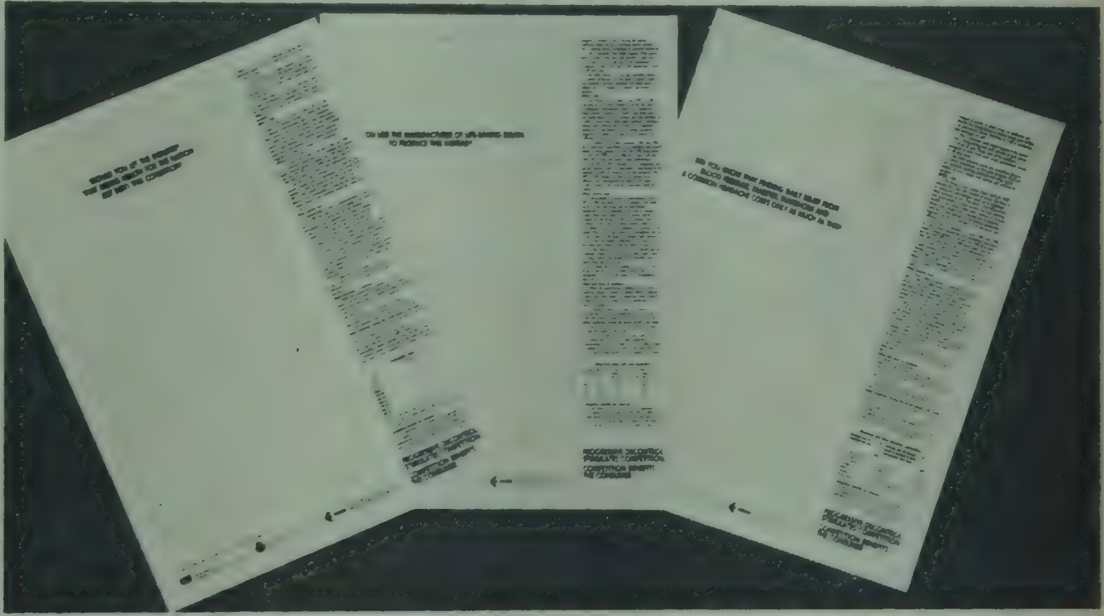
Adds the managing director of a large Bombay-based multi-national, "Our only option now seems to be to appeal to the good offices of the prime minister. But then, he has more important priorities than the pharmaceutical industry's problems. And our misfortune is that unlike in the case of other industries, we don't come under the more liberal-minded industry minister, Ajit Singh."

Cost of control

Companies which have been issued notices under DPEA will go to court individually or collectively to challenge the government. But there is another immediate fallout from Gurupadaswamy's actions: many companies which after a long while did make reasonable profits last year may well see them decline again, depending on how many of their drugs have been brought back under price control. Among the most severely hit will be Burroughs Wellcome — two of its drugs affected accounted for over a quarter of the company's total turnover of around Rs.60 crore last year. Wockhardt would certainly be the next worst hit; one of its drugs that sold worth Rs.4.89 crore is being brought under control.

Cynamid India's high-selling Leadercot has been brought under control, and as a result it stands to lose about Rs.40 lakh in profits. "On a sale of about Rs.25 crore last year, our pharma division made a profit of only about Rs.25 lakh, so this is going to affect us adversely," says managing director Ken Bakshi. "In 1987 we broke even in the pharma business for the first time in five years but we still have a cumulative loss of about Rs.3 crore. The 1986 policy had brought down the number of drugs we manufacture that are under price control from 94 per cent to 86 per cent. Now we are slowly getting back to where we started." Gurupadaswamy's actions will affect the profitability of at least 25 companies this year, but the industry fears that even more may be brought under price control, as the minister has threatened.

Another major repercussion will be felt in the growth and expansion of the pharmaceutical industry. Many companies are re-evaluating their plans as return on investment now seems much lower than it was until recently. Southern Petrochemical Industries Ltd (SPIC) is having second thoughts about its Rs.5-crore penicillin project and the Industrial Development Bank of India (IDBI) has delayed SPIC's application for project finance. Rallis India Ltd, which had planned to manufacture naproxen (another recently developed pain killer) at a Rs.8-crore plant set up last year (when the drug was not in the controlled list) is now thinking of producing naproxen intermediates and other items outside price control.



OPPI ads: united against government 'discrimination'

Plans shelved

Another Bombay-based company has reportedly dropped its plans for a Rs.4-crore formulations plant at Tarapore, while yet another has surrendered a license to manufacture metronidazole. And to make things worse, the Credit Rating and Information Services of India Ltd (CRISIL) has downgraded pharmaceutical units which produce price-controlled medicines, making it more difficult for them to raise money from the public.

What is far more worrying is the effect this could have on essential drugs. Some companies may actually stop producing these drugs if they are not remunerative enough, which could lead to shortages. Already the government has identified 16 drugs, including rifampicin, ethambutol, chloramphenicol, tetracycline and paracetamol, as being in short supply. Many of these are routinely used to treat tuberculosis, leprosy, enteric (typhoid) fever and other common diseases.

Most of the 50 to 60 small scale units, which account for two-thirds of the country's production of chloramphenicol, have either experienced severe cutbacks or have stopped making the drug altogether. And this shortage comes at the onset of the monsoon, when the accompanying rise in typhoid cases is bound to increase the demand.

The firms which manufacture rifampicin also find the prices unremunerative, though they may not discontinue production immediately. "We shall keep trying to serve the nation as long as we can," says Desh Bandhu Gupta, chairman of the Bombay-based Lupin Laboratories, which has the lion's share of the rifampicin market.

Much of the effects of Gurupadaswamy's actions will be felt in the next few months. Meanwhile, the troubled industry can take some consolation from the fact that two of the crucial bureaucrats involved in the issues are known to be much more liberal than the minister himself. Vijay Kelkar, chairman of the Bureau of Industrial Costs and Prices, which decides the actual price revisions of the drugs, was part of the team that formulated the 1987 Drug Price Control Order. M.S. Gill, the secretary in the petroleum and chemicals ministry directly in charge of pharmaceuticals, was involved with the last DPCO implementation. But whether they can temper the obduracy of the minister is a moot question.

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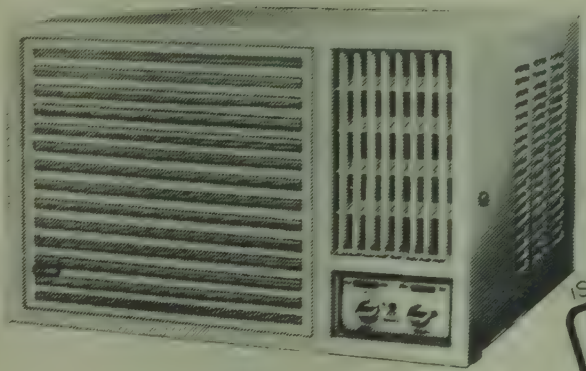

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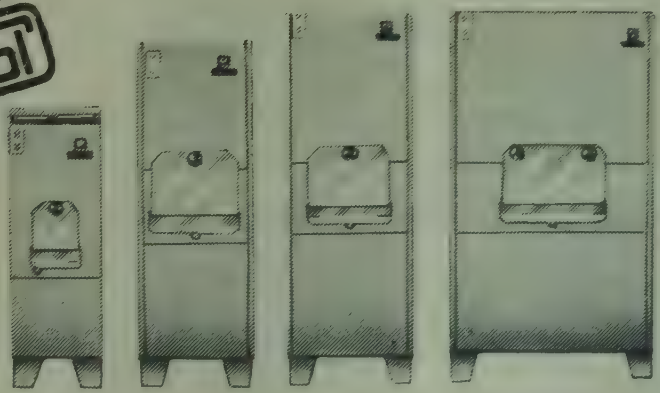

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LIFE INSURANCE

Raw deal for policy holders

At last count, Life Insurance Corporation had more than 25 policies. And the number rises every year. These policies are usually specific to different income and age groups. Jeevan Akshay, for example, is directed at older people who need to secure their retired life with a regular income. The Endowment Assurance policy, on the other hand, is for those in the middle of their career who want a tax benefit with life cover. Both these are 'endowment' or fixed term policies.

All life insurance policies are either whole life or endowment. Whole life policies charge a premium throughout one's life while endowment policies are taken across a fixed period — usually the most productive years of one's life, when the capacity to pay is high. While endowment policies provide life cover in the event of death before the term ends, they also carry an adequate return.

Whole life policies which cover life are intended to be long term investments which cover risk rather than provide returns. Due to their long term orientation, these policies are made more attractive to the younger buyer; those with good health and a stable lifestyle are less likely to buy insurance than those who are feeble and frail. The LIC, therefore, increases premiums disproportionately for the old.

Both whole life and endowment policies are offered with or without profits. The LIC calculates premia based on a conservative estimate of its own earnings from its various investments. A part of these extra earnings are returned to policy holders who have opted for profit as a bonus payable on maturity. In recent years, a bonus of Rs. 64 on whole life policies and Rs. 80 on endowment policies has been paid every year. Thus, an endowment policy of Rs. 10,000 for 10 years will be worth Rs. 18,000 on maturity. Obviously, policies with profits are more expensive. Do the returns then justify the policy cost?

Consider LIC's popular Jeevan Dhara endowment policy whereby a 30-year-old pays a premium of Rs.1,107 every year for 25 years. At the end of 25 years, a total of Rs.27,675 has been paid. When the policyholder is 55, an annuity of Rs.12,000 is paid in 12 equal monthly instalments of Rs.1,000 until the person's death, following which the heirs will receive about Rs. 1.20 lakh. Is the policy worth it?

The average life expectancy of the Indian male is 60 years. If he had instead invested his premium amount (Rs. 1,107) each year for 25 years in a fixed deposit at 13 per cent (renewing each deposit when it matured), at 60 his funds would have grown to Rs. 3.10 lakh.

Clearly, Jeevan Dhara's returns are nowhere near this. The actual return on Jeevan Dhara is 10.5 per cent. Using what the actuaries call the present value tables, it is possible to calculate the rate of return on such policies. The low returns on LIC policies is mainly due to two reasons — the low yielding pattern of the corporation's funds investments, as constrained by the law, and its high expense ratio.

An unviable monolith

Section 27A of the Insurance Act prescribes the pattern of investments for LIC as per which it is required to invest 50 per cent of its funds in government securities. During 1988-89, for instance, of its total income of Rs.18,702.30 crore, LIC invested Rs.9,200.72 crore in government and other approved securities. Thus just over Rs.51 of every Rs.100 income was invested in these assets.

Statutory requirement

LIC is also statutorily required to advance about 25 per cent of its funds to policy loans and social schemes, which include loans to state electricity boards, housing development, water supply and sewerage schemes, state road transport corporations, sugar co-operatives, etc. Thus, directly or indirectly, about 75-80 per cent of LIC's funds are with the government. These, on an average, earn only 10.85 per cent interest. Only the balance is invested in high yielding assets like shares, debentures, loans to the corporate sector, mortgage and property.

Given its low income, LIC's expenses too should be. Unfortunately, this is not the case. The corporation's total expenses during 1988-89 (Rs.2,426.22 crore) were more than the interest income. Of this, more than one-third was spent on commissions, salaries and other management expenses. The high costs could perhaps have been justified had they been distributed over a larger business. But the business per employee or agent is pathetically low.

LIC's total business as on 31 March 1989 was just over 36 million policies and the amount insured was Rs.74,129 crore. The number of policies handled by one development officer is just eight per day and the clerical staff is even slower — one clerk deals with just two policies! In addition, LIC pays a hefty commission to an army of agents. LIC has 2,75,249 agents and on an average each brings in business worth Rs.6,25,719 a year. This is about Rs.52,000 per month but since most policies are for Rs.20,000 or more, an agent gets only two or three policies a month. And LIC pays almost 10 per cent of its income as commission to these agents!

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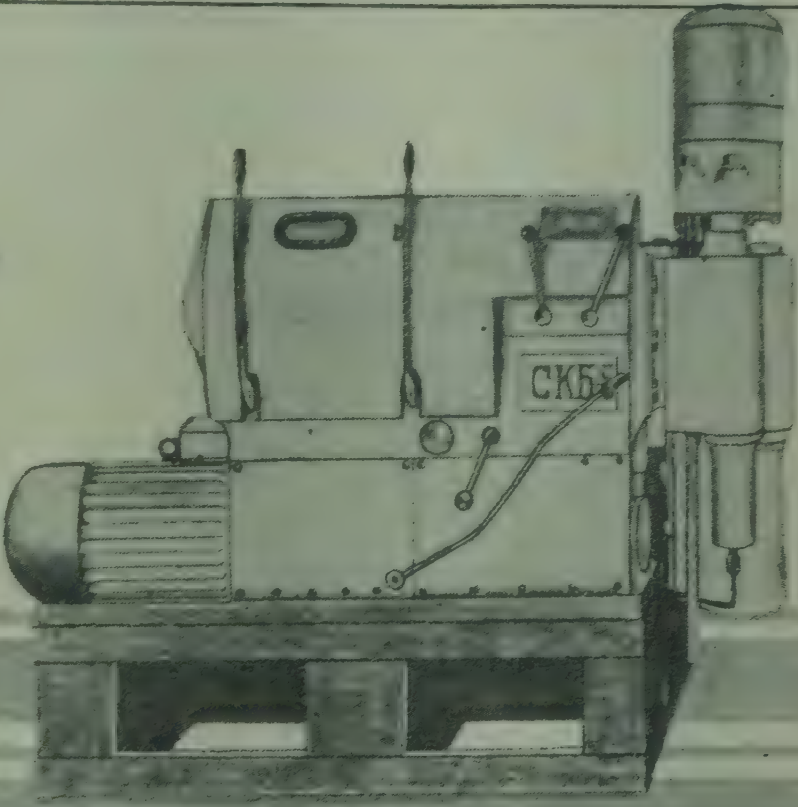

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The management, of course, claims that over the years, expenses have declined considerably because the growth rate of expenses is less than that of the corporation's business. This is true enough: in 1971, all premia received were spent on expenses. Today only 61 per cent of fresh premia is spent. The expense ratio to renew premium has also increased marginally — from 16 per cent in 1970 to 17.5 per cent today. Nevertheless, a high expense ratio pre-empts policy-holders' returns.

Future liability

This is even more objectionable because these expenses are incurred out of premia which are a future date liability. LIC survives on this strategy because there is no competition and only about 10-12 per cent of the total insurable population is assured, so the possibility of no new business virtually does not exist. But given a hypothetical situation wherein there is no business, LIC will find it impossible to honour the legitimate claims of its assured public.

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Advocates of policies argue that this is the only investment avenue with life risk cover. That is, even if the policy-holder dies after drawing his first premium cheque, which the LIC is yet to realise, his heirs will receive the full policy value. But this is only theoretically true. A number of cases are being contested in court by heirs of policy-holders to fight the flimsy grounds on which the LIC refuses to pay genuine claims. There were as many as 1,791 maturity claims outstanding and more than 1,000 death claims pending for more than two years. Besides, life expectancy is now 60 years on an average. So a situation in which LIC will have to pay much more than what it has received as premia may occur in not more than one case in ten.

Compared to shares, debentures and company deposits, an LIC policy is a more secure investment and also offers tax benefits. The corporation has realised that the tax benefits attract the upper income brackets, though life insurance is a low return investment. This is perhaps, a reason for the successively lower premium rates and higher bonuses which is linked to inflation.

For improvement

Suggestions to make insurance policies attractive even in real terms have been several. Way back in 1980, the ministry of finance had set up a committee to review the working of this monolith. Its comment was: "If life insurance business has to compete with other savings media, the return on investments in life insurance funds has to be higher than that available on other savings media". It had suggested a rate of return linked to a suitable index on all long term financial investments like government securities and term loans to state governments.

The committee had also recommended that like provident fund or gratuity funds, LIC too should be permitted to invest 40 per cent (as against the present 50 per cent) of its funds into government securities. Moreover, it suggested that on the 25 per cent which LIC advances for socially oriented projects, interest should be levied at market rates with a half per cent differential. But these suggestions will be useful only if LIC distributes its high returns among policy holders rather than fritter them away in unnecessarily high expenses.

To benefit the investor, the corporation ought to devise innovative schemes for its target groups. It could for example have a policy like the cash certificate with life risk cover for the rural population in small denominations. Instead of paying an annual premium, they could buy a fixed term policy by paying a one-time lump-sum amount. And to give better returns to the poor, the amount collected from them should be permitted to be invested in high yielding assets. Such an instrument will save LIC time and service cost. It is high time life insurance in India became viable.

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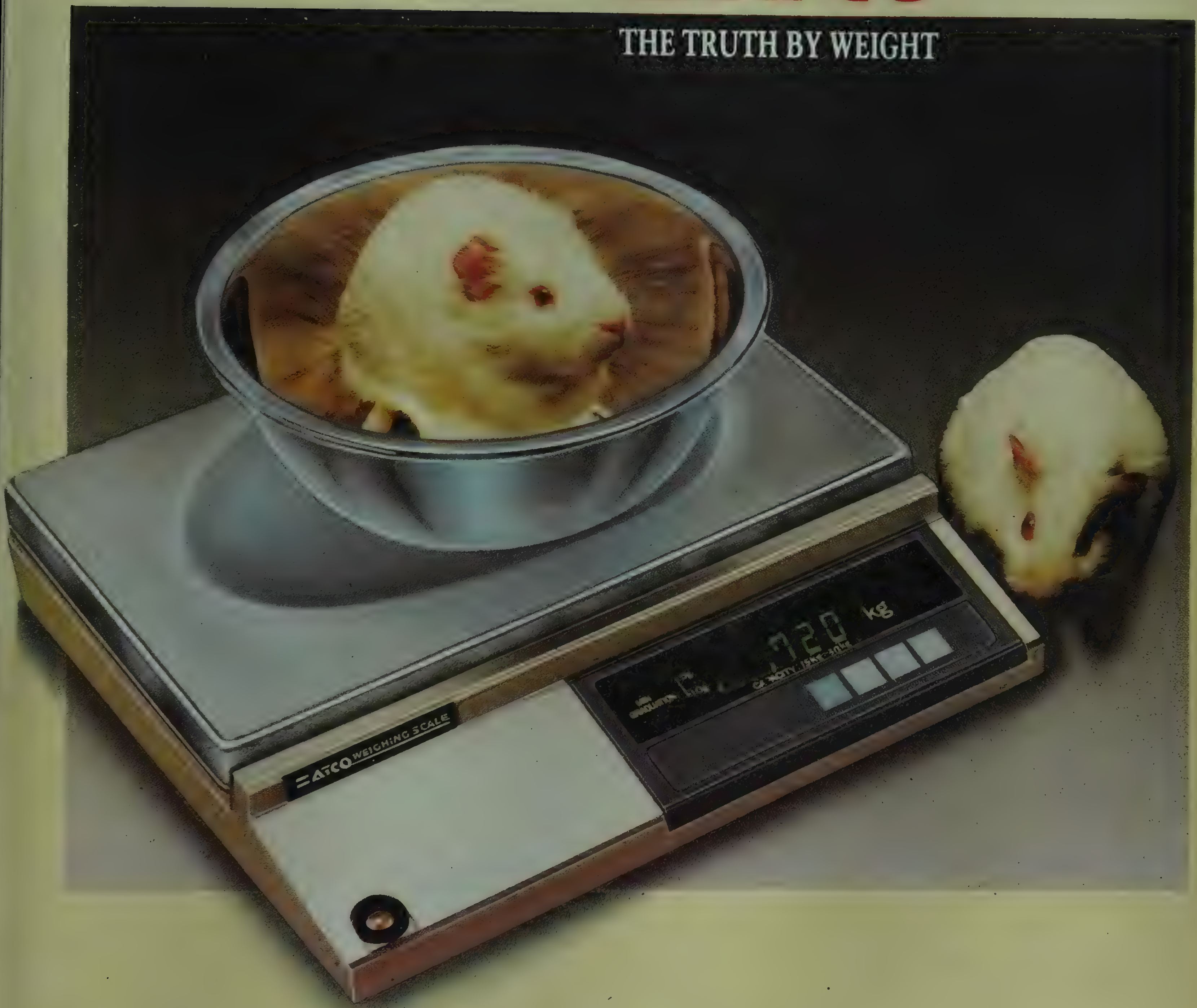

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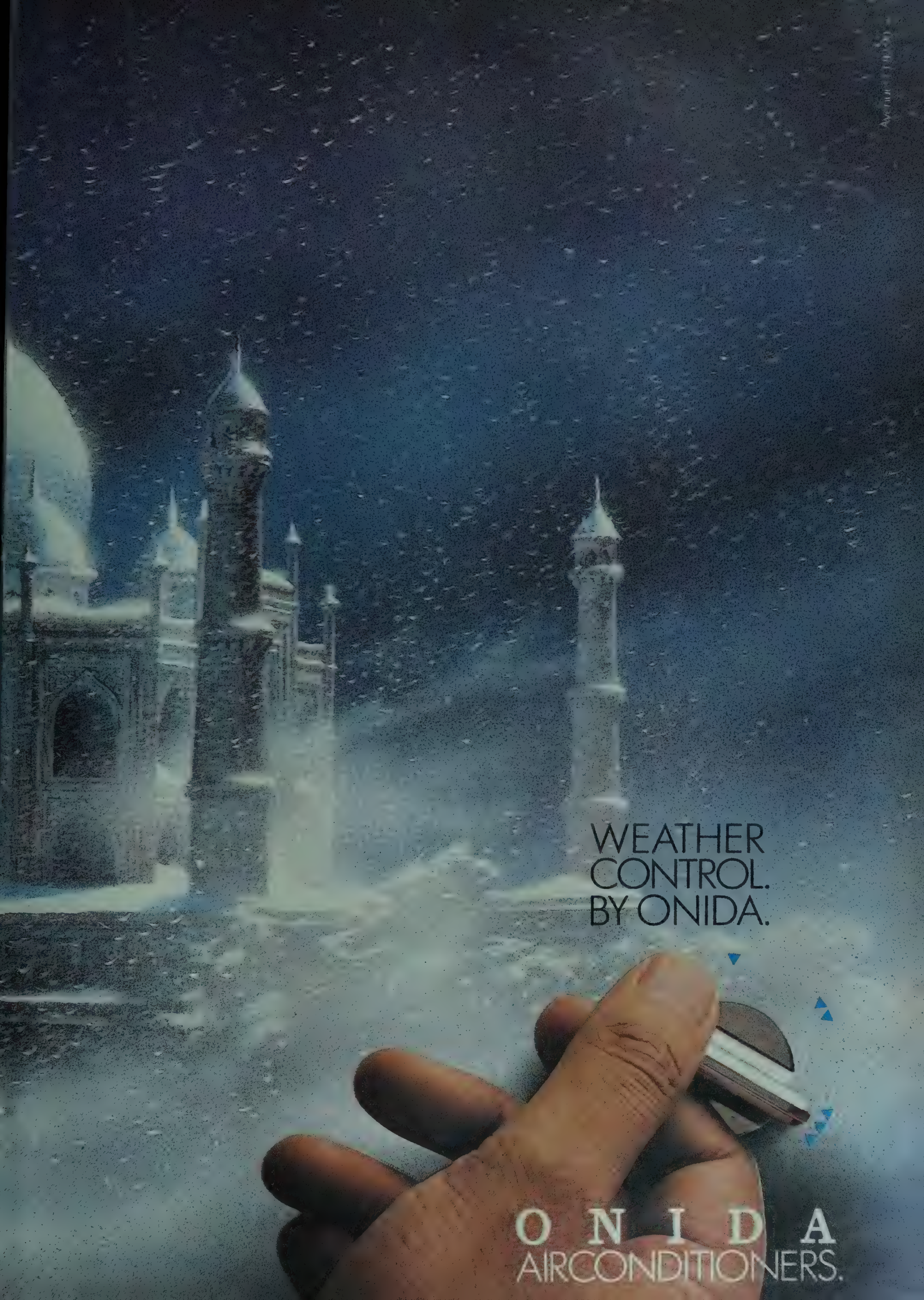
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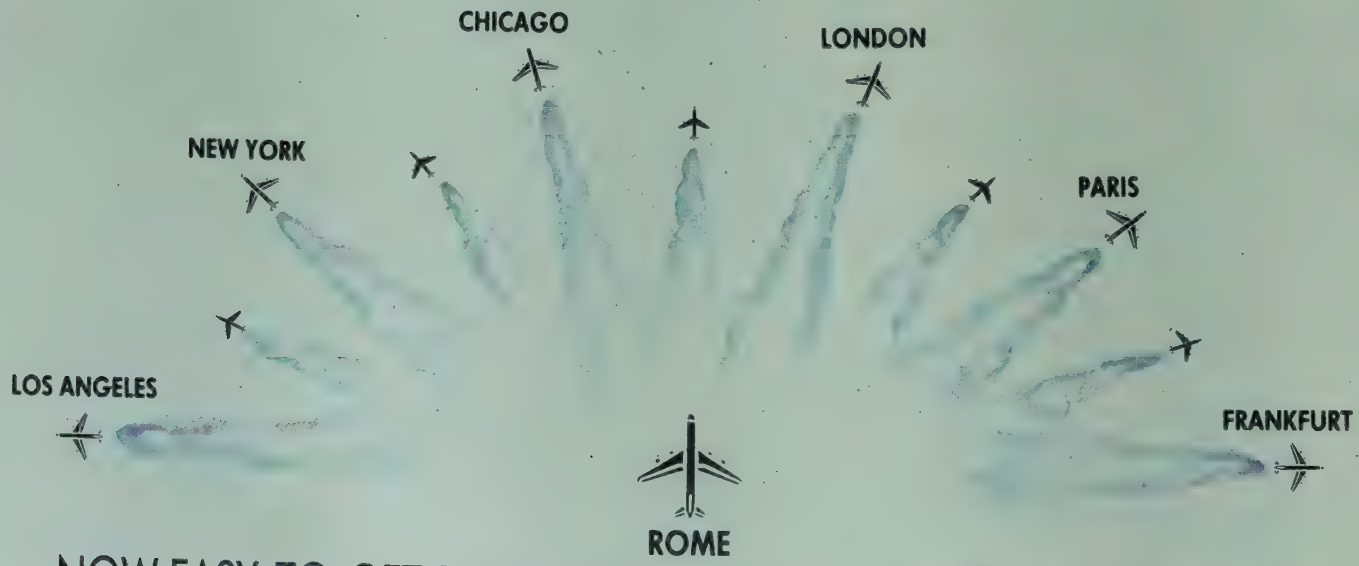
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BENVENUTI A BORDO

Planning for quality

A total quality approach will be a prerequisite for the survival of most Indian companies by the year 2000. Many companies will have reached levels of efficiency and quality unimagined till now. Others will be scrambling to keep up. Total quality will play a vital role in attaining leadership in the domestic and the international environment. The situation will be further aggravated by the increasing tendency of countries to group together for trading purposes, to the detriment of other countries.

The total approach towards managing for quality includes: quality planning, quality control and quality improvement. Indeed, all the three are important. While quality planning deals with long term strategies, the other two focus on immediate problems. The question raised by many managers is whether all three processes can work in tandem in an organisation. The answer is a conditional yes. Conditional on top management taking the initiative and setting the goals for quality improvement.

Interrelated

In fact, all the three processes are interrelated. This linkage has been described by the plight of the fabled manager who was up to his waist in alligators (problems). Underlying this analogy each live alligator is a potential quality improvement project. And each completed improvement project is a dead alligator. If our fabled manager succeeds in exterminating all the alligators, quality improvement would be complete — for the moment. However, the manager will not be finished with alligators because there will always be new alligators. This is because the planning process remains unchanged.

In effect, the quality planning process is a dual hatchery. A benign hatchery produces new useful quality plans, while a malignant hatchery produces new alligators. Quality improvement can take care of existing alligators one by one. However, to stop the production of new alligators requires shutting down the malignant hatchery. This would help in curbing the problem at its very source.

Therefore, planning for quality is a long process that requires fundamental changes in the operations of the company — the damage done by deficient quality planning has far reaching consequences. It results in lack of competitiveness which translates into reduced sales and income. Another negative outcome is the cost of poor quality which will arise due to reworking.

One of the essential elements in planning for quality is product development. Many companies suffer from an "over-the-wall" syndrome of product development. That is, marketing hands the specifications of a product to engineering, which after completing the design throws it "over the wall" to manufacturing, which is responsible for putting the product together. Perkin-Elmer, one of the world's largest manufacturers of analytical instruments, suffered from this drawback.

Poor quality

Obviously, this technique of product development was very inefficient and in the process was producing costly, poor quality products. In order to remain competitive in an increasingly competitive market the company decided to optimise its product development process. By identifying the needs of its customers, many flaws in the old development process came to light. These flaws were the direct result of unstated needs not being met, which in turn led to unacceptable low levels of quality in the finished products.

> **Providing product features, that meet customer needs, is very important. If "Made in India" has to become world class, Indian manufacturers will have to address the issue of product development**

Caterpillar Inc. of America, the giant earth moving equipment company, is a dominant force in that particular market segment. However, success led to complacency and this in turn resulted in falling market share and profitability. To head off competition, especially from Japan, the company decided on a total quality strategy which began with understanding customer needs and developing products to satisfy them. With the systems that were set in motion, they found that they were responding to customer needs in about half the time taken earlier. This and other improvements had a very positive impact on the operations of the company.

Therefore, providing product features, that meet customer needs, is very important. If "Made in India" has to become world class, Indian manufacturers will have to address the issue of product development. The Japanese are the acknowledged experts in the field and Indian companies that have collaborated with the Japanese have benefited because they were compelled to adopt this approach as a strategy. Perfect Machine Tools, a small private company has done exceedingly well on the export front because it laid great emphasis on product development. Swaraj Mazda on the other hand benefited from their Japanese collaborators by implementing what they learnt about product development in their other group companies.

Competitive edge

Timely delivery is another route to securing a competitive edge. It's not sufficient any more just to have an efficient organisation; it's also important to be effective. The garment industry is a typical case of being efficient but not effective. Delivery time schedules are seldom met. And in an industry where the shelf life of a product is seasonal (mainly abroad) it is critical to be effective (timely delivery).

Processes should be developed to achieve product goals. This assures minimum wasteful activities in manufacturing. But do we have ownership of processes? The absence of this generates functional inefficiency and creates an environment where the buck keeps passing endlessly. A case in point is the famous McDonald's hamburger. Every aspect of the process of making a simple hamburger is so meticulously planned that the quality of the product is the same, irrespective of the city in which it is produced and sold — be it Philadelphia, Moscow or Singapore. ■

SURESH LULLA

The author is the managing director of Qimpro Consultants, an affiliate of the Juran Institute, USA, specialising in managing for quality

When to change ads

SYLVESTER DA CUNHA

An ad for a well-known cigarette has been appearing in the media these past few years, portraying a young couple chortling over a book of Polish jokes. More than a crore rupees have possibly been spent to keep the laughing duo before the public. This strategy of "let the ad run" contrasts sharply with that of most advertisers, who replace ads after half a dozen insertions or so. Indeed, a current campaign for a fire extinguisher appears to change ads with even greater frequency.

Obviously, any advertisement's aim is to grab the reader's attention and secure his interest. But one that has had long exposure risks being ignored through sheer over-familiarity. Why then do some advertisers persist in repeating a single layout, year after year? Most often, it's because sales of the advertised product are flourishing. The marketing managers sense that they must be doing something right and are therefore reluctant to tinker with their marketing mix: price, packaging, distribution, advertising.

Spiralling costs

Cutty Sark whisky ran the same advertisement for 15 years while it stayed the top selling brand in the US. Another factor that possibly discourages marketers from changing their ads is the spiralling costs of producing a new one. Photographers today charge up to Rs.10,000 for a day's shoot; modelling fees have soared into five figures; a 20-second television commercial could cost around Rs.5 lakh.

How often should an advertiser change his product's 'presentations'? What is the optimum number of repeats before an ad starts to obtain diminishing returns? A large body of don't-changers advocate that so long as the basic advertising story remains unchanged, a new ad is not called for. Also no change is required when the product is purchased by a passing parade of consumers. For example, a successful ad selling computer courses to collegians may be indefinitely replayed since the target group graduates out of the market, succeeded by a fresh group of prospects to whom the advertisement will still retain its original appeal.

Rosser Reeves, the inventor of the USP, was emphatically in favour of repetition both in print and television. "If you find an ad that works," he affirmed, "keep it on the air till it doesn't work any more. But once a typical advertiser has screened a commercial for his wife, his office staff, his friends and himself, he gets sick of it; the novelty has disappeared and he can't visualise it from the position of a consumer who may have seen it once or twice. He spends money on a new spot instead of on media space and time to get mileage out of the existing one."

The crux of course is to be able to judge whether or not one's advertisement is still working. The standard technique is to monitor a brand's share of sales against those of its competitors and then stack it against its advertising spending, or "share of voice" as it is termed. When sales share suffers compared to ad share, it would be time for a change in the advertisement. Direct marketers who measure response to each and every advertisement can also recognise when the pulling power of a repeated advertisement has dropped below the point that justifies its continuance.

Frequency of ads

Irrespective of ad content, another subject of debate concerns insertion frequency. In newspapers, for example, medium-spending advertisers have, over the years, settled down to providing around 12 insertions per year, and/or six pages in magazines. In television, a relatively new medium, ad planners are still working by the seat of their pants. A middle-sized advertiser seems to consider 20 spots a year adequate, while a heavy-spending multinational might buy 50 to 100 spots annually. Few of them could offer a rational explanation for their numbers.

In Manila recently, I partook in the launch of a consumer product which was supported by five TV spots a night on each of the nation's three TV channels. Annually, 500 spots had been planned in the metro-Manila area. This was not considered unusual for a new brand introduction.

TV ad planners internationally measure their audiences on something called GRP — gross rating points. That is the size of the target audience expected to watch a commercial, multiplied by the number of times the commercial is telecast. Researchers claim that a close correspondence can be predicted between the number of GRPs obtained and the brand sales share expected. These calculations are made mechanically without factoring in the quality or content of the commercial.

The creative merit of the commercial will undoubtedly enhance its impact beyond the minimum statistical expectations of the GRP counters. It may come as bad news to those engaged in ad creation, but researchers are coming to the conclusion that creative levels between opposing ads produced by professional agencies today are not so markedly disparate as to affect a media plan drawn up without any reference to an advertiser's words and pictures. The tyranny of head counting may soon be upon us.

The author is chairman, daCunha Associates Pvt Ltd

PEAKS OF EXCELLENCE

- Owned Funds : Rs. 458.00 crores
- Reserves : Rs. 400.00 crores
- Net Profit : Rs. 61.27 crores
- Rate of Dividend : 20.5%
- Owned Fund - Deposit Ratio : 4.2%

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Hallmarks of superior performance

BALANCE SHEET AS AT 31.03.1990

STATEMENT OF POSITION - CONDENSED VERSION

CAPITAL AND LIABILITIES

(Rs. in crores)

31st March 1989			31st March 1990	
	48.95	Capital (Paid Up)		57.91
	295.00	Reserve funds & other Reserves		400.00
	9,340.65	Deposit & other accounts		10,922.67
	913.74	Borrowing from Banks & Agents etc.		1,926.74
	234.28	Bills Payable		332.52
	514.30	Bills for collection As *per contra*		670.72
	407.86	Other liabilities		440.51
	1,302.63	Acceptance, Endorsements, etc., *per contra*		1,519.26
54.94		Profit for the year	61.27	
40.00		Less transferred to Reserve Funds & other Reserves.	45.00	
6.20		Transferred to contingency	6.25	
	8.74	Balance transferred to Central Govt.		10.02
	13,066.15			16,280.35

PROPERTY AND ASSETS

(Rs. in crores)

31st March 1989		31st March 1990
1,531.54	Cash in hand and with Banks	2,427.34
41.00	Money at Call & Short notice	135.00
3,068.77	Investment in Govt. & other Securities	4,196.34
5,801.95	Advances	6,498.48
514.30	Bills for collection As *per contra*	670.72
1,302.63	Acceptance, Endorsements etc., *per contra*	1,519.26
54.74	Premises	57.25
51.85	Furniture & Fixtures	58.27
699.20	Other Assets	717.52
0.17	Non-Banking Assets	0.17
13,066.15		16,280.35

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Nison/293

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The Industrial Credit and
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163, Backbay Reclamation,
Bombay 400 020

ANZ Grindlays Bank
Merchant Banking Division
132, Mint Road,
Bombay 400 001

American Express Bank Ltd.
Capital Markets Group
Dalamal Tower, Nariman Point
Bombay 400 021

Champaklal Investment &
Financial Consultancy Limited
Regent Chambers,
Nariman Point, Bombay 400 021.

ADVISORS TO THE ISSUE

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International (Overseas) Ltd.
Maker Chambers, III Nariman Point
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118% increase in Turnover to Rs. 57.57 crores.

189% increase in Gross Profit to Rs. 9.02 crores.

239% increase in Net Profit to Rs. 5.93 crores.

EPS for the year ended 31st March 1990 stood at Rs. 11.30*

With the confidence of a blue chip clientele that includes Telco, Maruti, Ashok Leyland, Escorts, Bajaj Auto, Mahindras, Bajaj Tempo, etc., Amforge continues to invest in further growth.

A Rs. 12.65 crore expansion has been successfully commissioned in June, 1989.

A Rs. 19.40 crore expansion is on the anvil.

Increasing thrust in Exports (Rs. 10.60 crores in 1989-90) and higher value added products is expected to substantially increase profitability in future.

Yes. For Amforge and its investors, the best years lie ahead.

*based on unaudited figures for 1989-90.

Public Issue of 14,18,600 12.5% Secured Partly Convertible Debentures of Rs. 100 each for cash at par

HIGHLIGHTS OF CONVERTIBLE DEBENTURES

- High Capital Appreciation: Rs. 35 per Debenture to be converted into 1 Equity Share of Rs. 10 at a premium of Rs. 25 per share on 1st April, 1991 or 6 months after allotment whichever is later

  (Market Price Rs. 87 (ex-Rights) as on 18.5.90)

- Listing at Bombay, Ahmedabad and Delhi Stock Exchanges.
- Buy-back facility for Non-Convertible Portion.

ISSUE OPENS FOR
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INDIAN PUBLIC: 5TH JULY, 1990

AMFORGE

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June, 1990

CLEA

BALANCE SHEETS

Art of concealment

Banks are perhaps uniquely qualified to tactfully construct their balance sheets. Usually, they raise a hue and cry throughout the year about shrinking profitability, and at the end of the year, their accounts show a growth in profits.

Consider, for instance, 1989-90. Throughout the year, banks grumbled about their rising wage bills making a dent in profitability, their large portfolios of accounts which had gone bad, an increasing lack of access to loanable funds due to hiked statutory liquidity ratio (SLR) and other social obligations, increasing competition, disintermediation et al. And at the end of all this complaining, profits declared by banks were: Rs.61 crore Canara Bank; Rs.25 crore Bank of Baroda; Rs.18 crore Bank of India; Rs.4.6 crore Corporation Bank; Rs.1.5 crore Dena Bank; Rs.11.46 crore United Bank of India; Rs.14.03 crore Allahabad Bank; and Rs.2 crore Indian Bank. How do they manage this?

Actually, it is not very difficult for banks to show profits. Way back in 1949, the Reserve Bank of India prescribed nothing more than a bare format for a bank's balance sheet. Since then, as one of the pet phrases of the banking industry describes it, "there has been a phenomenal change in the banking scene". In addition, the Banking Regulation Act permits banks to keep the provisions they make for bad debts and the market value of government securities confidential. Finally, there are no uniform accounting norms for banks to follow while preparing their balance sheets. So banks can 'legitimately' manipulate the figures with impunity and paint any picture they wish to in their balance sheets.

Official permission

On the income side, banks are officially permitted to hide bad debts and market value of securities. Says P.N. Joshi, general manager, Bank of India, "Because there is no uniform assessment of the quality of credit, whether interest is to be applied or not is unclear." But the RBI refutes this. The health code system, prescribed in 1984, details criteria for classifying advances accounts. In a guideline issued early this year, the RBI asked banks not to charge interest to accounts classified under health codes 6,7 and 8. The codes are for accounts against which suits have been filed, accounts on which decrees have been issued and bad and doubtful debts. The RBI also recommends that banks be extremely selective while levying interest to accounts classified under health codes 4 and 5 — sick and nonviable accounts and advance recalled accounts respectively.

On the face of it, this system appears simple. But classification of accounts depends not only on some objective criteria — like cash generation or the fund flow of a borrower unit — but also on what bankers grandiloquently call judgement. Behind this ambiguous word, bankers hide their greatest misdeeds. And as Joshi comments, the classification of accounts under these health codes depends on the expertise of the branch manager, who may not always be aware of the implications of the classification. It also depends on the instructions of the bank's head office which may, to show low nonperforming assets, tell branches to charge interest even to weak accounts.

Dahotre: what are the implications of transparency?

Besides, adequate machinery to check whether the accounts are rightly classified does not exist: as there are more than 40 million advances accounts today. Moreover, if a bank provides for a very small amount for accounts classified under health codes 6,7 and 8, non-application of interest on that amount will not make significant difference to the bank's income.

Bad debts disguised

In short, since banks are not required to disclose their bad and doubtful debts, they nonchalantly disguise them; 'judge' them as good to inflate their interest income. There are also situations in which accounts are referred to Bureau for Industrial and Financial Reconstruction (BIFR) for a 'nursing package' on which banks have applied interest; in such cases, even an account which is bad — a write-off for a foreign bank — becomes good enough for a nationalised bank to pump in additional funds. "What the banks do not perhaps realise is that on this dubious income they pay real tax," laments Joshi.

Valuation of the securities at market rates too is significant because, on an average, banks have invested Rs.4,000 crore in them and the profit or loss from the sale of these securities will be inaccurately reflected if they are improperly valued. As a senior banker explains, banks are not manufacturing concerns and their investments in government securities are more to meet social obligation rather than to realise profits. But this does not explain the inflated book value of such investments.

Banks use several methods to show higher incomes. For example, since foreign exchange rates keep fluctuating, there will be enough margin for banks to fudge the commission paid to the brokers on this business. Depreciation on assets, and the real value of premises, land, etc. owned by banks can also be used to inflate or scale down their income. More significant, no two bank balance sheets are comparable because they may follow different accounting policies; a bank's policies may even differ from one year to the next. For instance, a bank may provide for bonus, special reserves, etc., out of published profits while another may publish profits after providing for such statutory requirements. In other words, published profits, is not always an indicator of the bank's health.

A bank's figures as per its income and expenditure statement can be written off in the fine print of the footnotes. The inter-branch or inter-office reconciliation, for example, is notorious for being overdue for years together in banks. And the rule, rather than the exception, is total ignorance of the amounts involved in uncleared demand drafts, telegraphic transfers and the like. This is why they resort to regretful statements like "reconciliation statements/balance confirmations are not available in respect of balances."

Significant claims

The footnotes relating to Deposit Insurance and Credit Guarantee Corporation (DICGC) claims and the income tax department's claims are also significant. Bankers are aware of the extremely conservative view the DICGC takes while paying banks' claims. Yet, in the balance sheets, the footnotes record that large sums are awaited from payment of claims by the DICGC. Income tax claims are also recorded in the footnotes without being provided for. Bank of India's footnotes, for instance, are instructive: "no provision has been made in those accounts for related tax demands of Rs.57.05 crore up to and including the assessment year 1988-89 and for subsequent years."

Ironically, banks have been befuddled by their own jugglery. On sticky accounts, banks charge interest and transfer such income to a suspense account. This being an income, the income tax department raises tax claims on it. Most banks claim that this is unrealised income and should therefore be tax exempt. But that is under judicial review. Till then, banks do not provide for tax on such income, which is why, except through learned interpretation, true position will not be reflected in a bank's balance sheet. Even under detailed analysis, the picture remains blurred because of the secrecy permitted by law. What is the need for such secrecy?

Shankar: "mandatory lending and transparency don't go together"

Prior to nationalisation, banks were privately owned, and whenever a bank's actions were questioned or found improper, there would be a rush to close accounts. To prevent such damages, banks were allowed to conceal their bad debts. Now the situation is different. Ninety per cent of banking is government owned and the RBI keeps a strict vigil on all banking activities. A private bank going into liquidation is generally amalgamated with a public sector bank and the deposits are insured. In short, depositors' interest is well protected. So bankers ask how a weak or strong balance sheet can affect the public.

Concealed information

To the informed depositor, greater transparency means more accountability. G.S. Dahotre, chairman and managing director of Dena Bank, says, "The owners of banks (the government) and the controllers of banks (the RBI) do know and have an access to the information not revealed in the balance sheet." This is a reference to the nominee directors of the government and the RBI and the quarterly meeting the RBI governor has with all bank chairmen. In fact, claims a senior banker, "The footnotes in a bank's balance sheet reveal quite a lot." For instance, while the note about pending inter-branch reconciliation does not mention the amount involved, it does indicate that the concerned bank is guilty of bad housekeeping.

Again, the balance sheet does not indicate how much interest a bank lost on cash reserve ratio (CRR) default because under the call money operations, head banks directly mention the net income without distinguishing the penalty paid on CRR default, interest lost on the balance maintained with RBI because of such default, interest paid on RBI borrowing and for borrowing from the market to meet CRR liability. Clearly, this conceals poor funds management. But the RBI does know how well or badly a bank manages its funds and takes suitable action. Banking in India is conservative, thus no bank will fail to make adequate provisions for bad debts, according to the RBI.

But, surely accountability extends beyond the government or the RBI to the public, which has a right to know. Bankers, the government and the RBI agree. Admitting the obsolescence of the existing formats, RBI has made new formats. Canara Bank has set the ball rolling by publishing its accounting policy with its balance sheet this year. Greater transparency will no doubt make the banks more accountable and will evoke informed criticism. It cannot, of course, come about overnight. As V. Shankar, vice president, BoI, points out, "Mandatory lending and transparency do not go together." In a situation where banks cannot execute decrees, have to lend at concessional rates and are even forced to pump in more money into an unviable unit, they cannot even think of making profits.

As Dahotre puts it, "After one decides whether transparency is desired and to what extent, working out new formats will not take time. But before that, one must clearly understand its implications."

■

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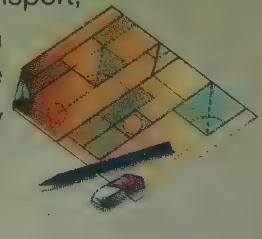

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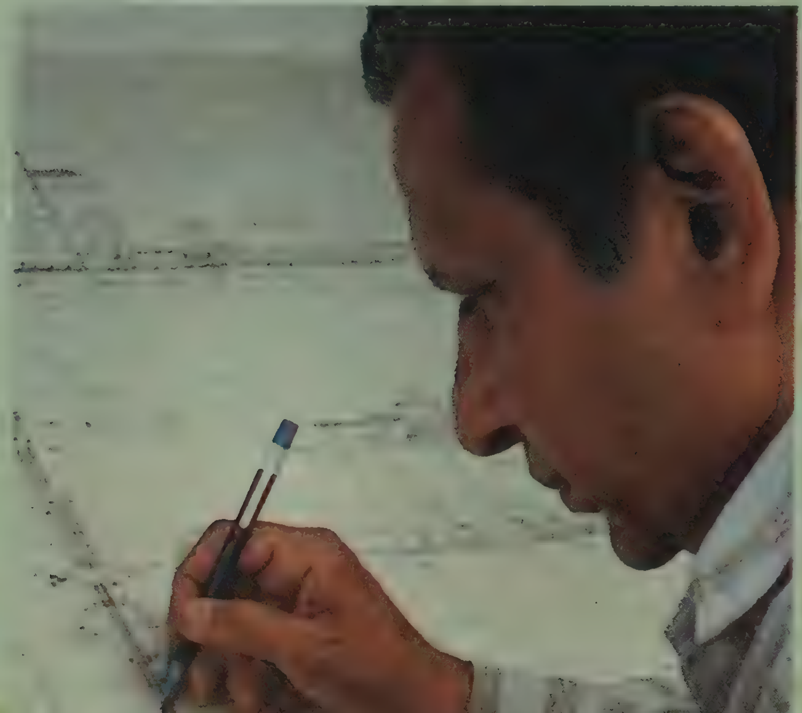
IT TAKES ONLY A FEW LACS OF RUPEES....



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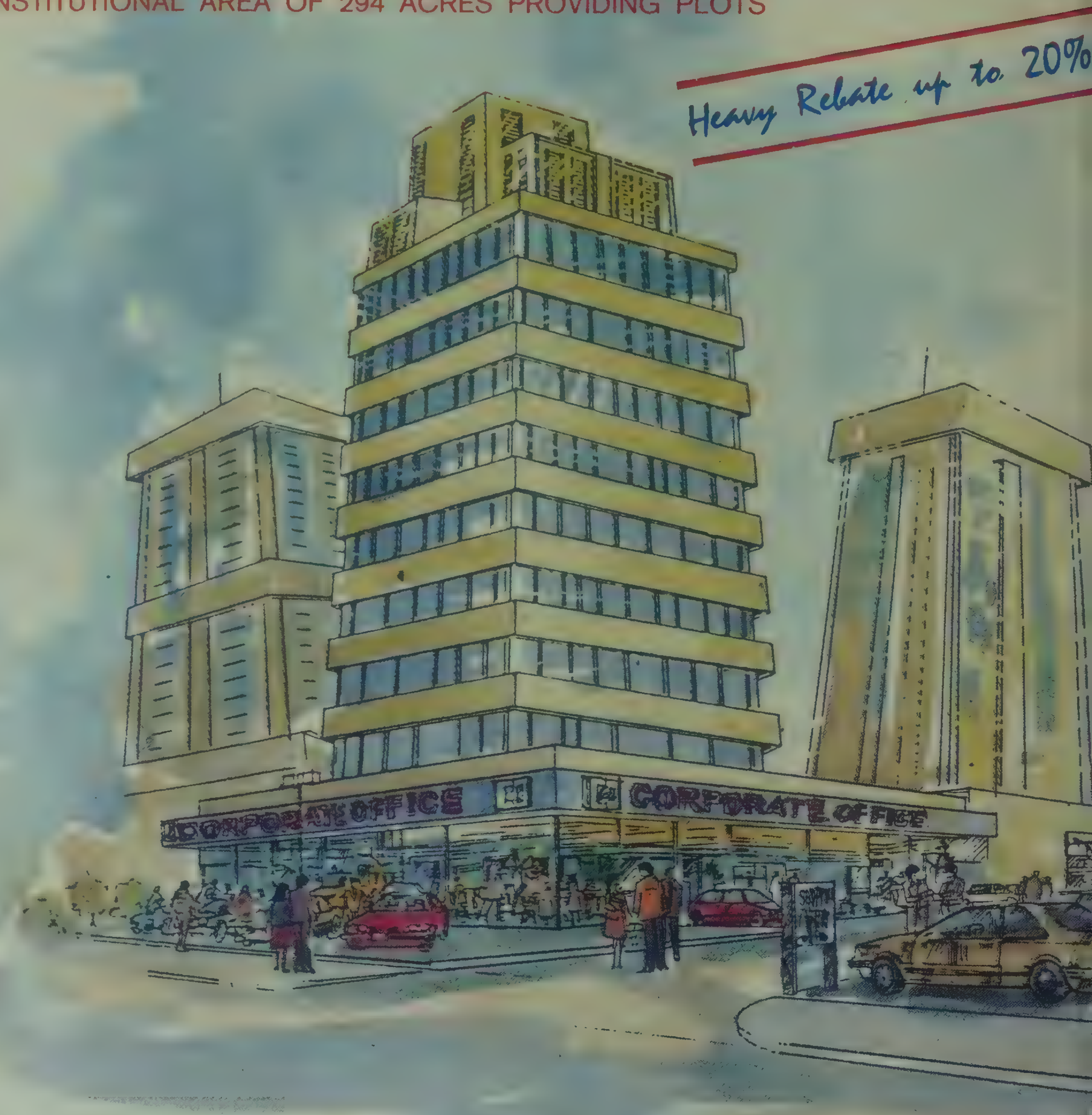

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1/2 Acre	2000	5	-do-	12	-do-
4 Bay	1079	2	-do-	4	-do-
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MAZAGON DOCK LIMITED

On the road to recovery

After years of being in the red, the country's largest shipbuilding and offshore platform fabrication company, is slowly but surely cutting back on its losses and progressing towards profits again

Rear Admiral M.M. Puri, chairman and managing director of Mazagon Dock Ltd (MDL) is a happy man. His company is showing signs of recovery and he sees the reduction of losses as "a continuing trend". In fact, the MDL would have made a modest profit this year, had not the provision for bad debts increased from Rs.91 lakh to Rs.4.04 crore at the tail end of the financial year.

MDL began with the small Mazagon Dry Dock, built in 1774, in Bombay. Moghul Dry Dock followed in 1835 and Ritchie Dry Dock in 1865. The three docks came under one management and, in 1934, Mazagon Dock became a public limited company. Later a private limited concern was formed in 1957, jointly owned by Peninsular & Oriental Steam Navigation Company and British India Steam Navigation Company of the UK, which was finally nationalised in 1960.

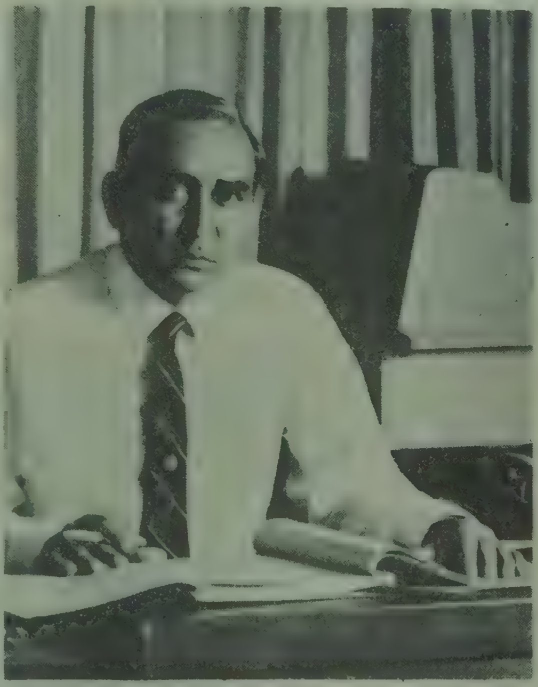
Increasing indigenisation

After nationalisation, MDL went in for building warships. It built India's first modern warship with British knowhow — the Leander class frigate, *INS Nilgiri*, which was commissioned in 1972. During the next nine years, MDL built five more frigates. In each successive ship, the indigenous content was increased — from 50 per cent in the *Nilgiri* to 75 per cent in the sixth frigate.

Subsequently, MDL built three Godavari class frigates, designed by the Indian Navy, during 1987-88. The company has also recently built two Corvettes; the first being the lead ship *INS Khukri*, delivered in August 1989.

Now, orders of three new generation frigates powered by gas turbine engines have been placed with MDL. Work on one ship has already commenced and it is likely to be delivered in 1994. Missile boats and submarines are also under construction.

MDL has also built seven offshore patrol vessels for the Coast Guard, the indigenous content in the last of which is 92 per cent. Besides this, the company has also constructed offshore supply vessels (OSVs) for the ONGC and has an order on hand for three more.



Puri: a creditable effort

MDL has built up a premier position in offshore platform fabrication too. Its three fabrication yards are at Alcock in Bombay, Nhava across the Bombay harbour, and at Mangalore. Till date, the company has built over 40 platforms for the Oil and Natural Gas Commission (ONGC) alone. It also has to its credit the construction of two jack-up rigs.

The company was sailing along smoothly and profits peaked at Rs.14.20 crore in 1983-84. Its turnover today is larger than the combined turnover of all the other six companies in the shipbuilding industry in India. Despite this, MDL is incurring substantial losses.

The company's trouble began with its offshore business in 1984-85, with losses touching a high of Rs.38.98 crore in 1985-86. In 1976-77, MDL had undertaken a major diversification programme for the construction of offshore fixed platforms for the ONGC oil exploration at Bombay High. This followed a joint decision by the government, ONGC and MDL that the production of offshore structures must be indigenised. MDL was identified for the project with the understanding that ONGC will place orders with it.

MDL found its Alcock yard inadequate for the job and set up the second yard at Nhava between 1981 and 1984, and the third at Mangalore during 1983-85. "The rapid expansion was in anticipation of orders from the ONGC," says Puri. But several factors went against MDL at the time.

Glut in the market

The recession in shipping after 1982 resulted in underutilisation of shipbuilding capacities worldwide, specially the huge South Korean yards, which made the Koreans shift to the fabrication of offshore structures. Their large production only served to cause a glut in the market.

Between 1978 and 1982, MDL well head platforms were 5 per cent cheaper than international ones — a situation that was reversed by the glut. And of course, ONGC went in for the cheaper foreign platforms. Thus, MDL's heavy investment in the three fabrication did not bring returns.

As Puri recalls, "MDL started to take orders at distress prices" at that time. But with two of three fabrication yards still in the process of being set up, and with labour problems developing at the Nhava yard, these orders could not be executed on time. Once again, ONGC used this as a reason to place further orders abroad. And MDL reported a loss of Rs.12.33 crore in 1984-85.

Now, however, things are looking up again. With the recession in shipping easing over the past three years, foreign yards are once again booked to capacity, and prices of offshore structurals are looking up. The ONGC reverted to MDL for structurals and capacity utilisation of the offshore yards has went to 60 per cent in 1988-89. Over the years, the contribution of the offshore division to MDL's production value has steadily increased. In 1889-90, the offshore section contributed Rs.177 crore to the total production value of Rs.386 crore, as against Rs.106.58 crore to the total of Rs.252.68 crore in 1987-88.

The company's production jumped from Rs.252.68 crore in 1987-88 to Rs.386.23 crore in 1989-90. The loss of Rs.34.87 crore incurred in 1987-88 was cut down to Rs.16.69 crore in 1988-89, and further to Rs.2.42 crore in 1989-90.

Heavy interest burden

Not that this has been enough to bring MDL out of the red. Not only does the offshore section continue to make losses, but it also eats into the profits made by other divisions of MDL. A major part of the problem is the heavy interest burden on the very high capital investment of the division. The total loans outstanding as on 31 March 1990 was Rs.184 crore. Says Puri, "The overheads are too heavy to be absorbed by the current level of production, under the pricing formula now in force and the size of orders in hand. This is resulting in heavy losses."

However, Puri's multi-pronged strategy to improve organisational, financial and operational working has yielded tangible results in the last two years. On the organisational side, a product line based division was made in the last financial year. As a result four separate divisions have been formed; one each for surface ships, submarine, offshore fabrication and offshore services.

Better financial management has, at the same time, helped to reduce losses by keeping cash credit at the minimum. MDL also went in for inter-corporate borrowing on which the interest was 14 per cent, as against the market rate of 16 per cent.

To deal with dead inventory, built up in anticipation of orders from the ONGC, MDL has set up a disposal cell, which has managed to cut down inventory worth Rs.52 crore to Rs.35 crore on the offshore side, and from Rs.100 to Rs.69 crore on the shipbuilding side. Similarly, a new debt collection cell has speeded up recovery from sundry debtors, bringing down debtors from Rs.140.51 crore in March 1988 to Rs.115.16 crore in March 1990.

MDL has also curbed investment to the bare essentials bringing cash outflow down from Rs.74.23 crore between 1985-88 to Rs.12.43 crore in 1988-90. Manpower too, which totalled 14,050 in 1986, has been brought down to 12,110 in 1990. Concurrently, the overtime bill of Rs.11.22 crore in 1985-86 has been cut down to Rs.5.7 crore in 1989-90.

Says Flag Officer Commanding-in-Chief, Western Naval Command, Vice-Admiral S. Jain, who is also chairman of the Goa Shipyard Ltd, "Puri had inherited a bad situation and credit must go to him for the recovery of MDL."

Moratorium on repayment

Not that MDL has been without help from the government. The latter sanctioned relief sought by the MDL in the form of a moratorium on repayment of government loans, totalling Rs.127 crore, received prior to April 1987. Also, an annual subsidy of Rs.15.35 crore, equal to the interest payable, has been granted for a period of four years starting April 1987.

The problem of underutilisation of capacity at its offshore division, which continues to be a thorn in MDL's side, should be eased considerably by an order for six offshore platforms expected from the ONGC in a couple of months. In the 1990-95 plan period of the ONGC, it projects a need for 65 well head platforms and 13 process platforms. Of these 40 to 45 well head and two process platforms can be built by the MDL, if orders are placed with it well in time.

Puri hopes to bag these orders, now that MDL has gained the experience and improved its delivery schedule. Actual fabrication time after receipt of materials has been brought down from 15 to five months for jackets, and from about 23 to eight months for the main decks of well head platforms. Also, installation of a jacket is now completed in 16 to 20 days, instead of 35 days taken earlier. Says Puri, 'This is comparable to international standards."

Of course, all of MDL's efforts to get back on an even keel would come to naught if its pricing had remained unremunerative, as it was when the company took jobs at distress prices. An effort to set this right was made in March 1989, when MDL and ONGC signed a bilateral agreement on the pricing formula for well head platforms, assuring MDL of profitable prices. This also applies to MDL's OSVs, which were priced at the lowest international price and were causing losses.

Profitable operation

The Bureau of Industrial Costs and Prices has also recommended a normative price and optimum capacity utilisation, in a recent report. This in effect means that if the capacity of the offshore sector is underutilised, the price of platforms should be higher, and vice versa.

MDL's experience with warshipbuilding has has remained largely a profitable operation since it began, because warships are priced on a cost plus basis with a profit margin of 7.5 per cent. Thus, in 1989-90, MDL made a profit of Rs.14.5 crore in the shipbuilding division.

COAST GUARD

Offshore patrol vessels: heavy indigenous content

In February last year, new vistas opened up for MDL, with the government deciding to export defence equipment on a selective basis. Subsequently, the three defence shipyards — MDL, Goa Shipyard and Garden Reach — formed an Export Coordination Committee and approached prospective customers. Though the signs are encouraging, it will be difficult for India to enter entrenched defence markets.

Be that as it may, it appears that MDL is finally on the way to making a turnaround. Now, hopefully, it will be able to concentrate on its main activities in two vital industries: defence and energy.

■ GEORGE ALBE

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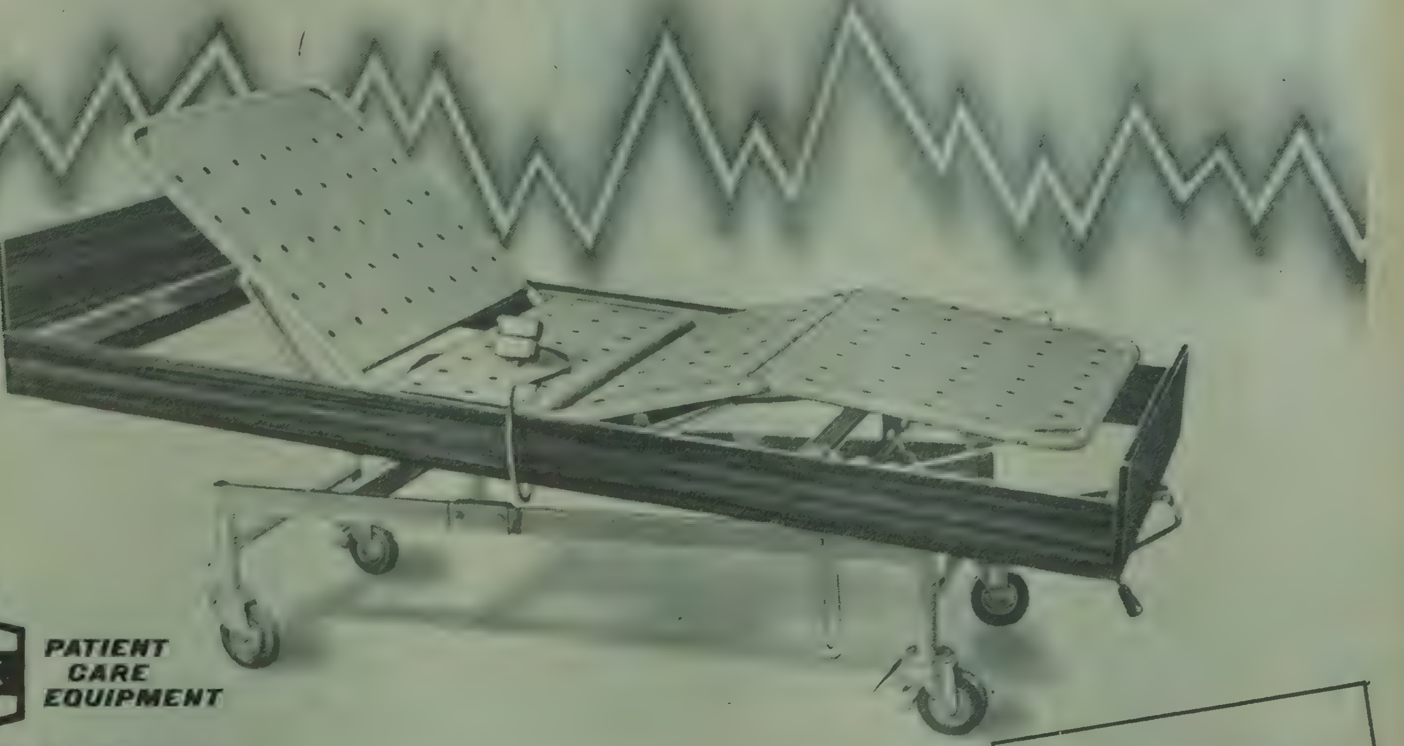

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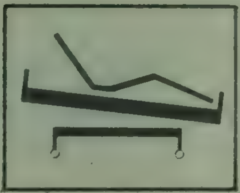

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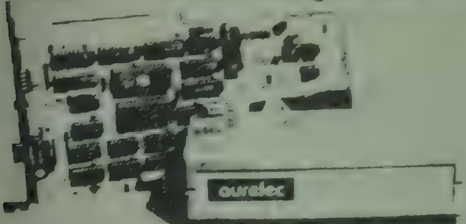

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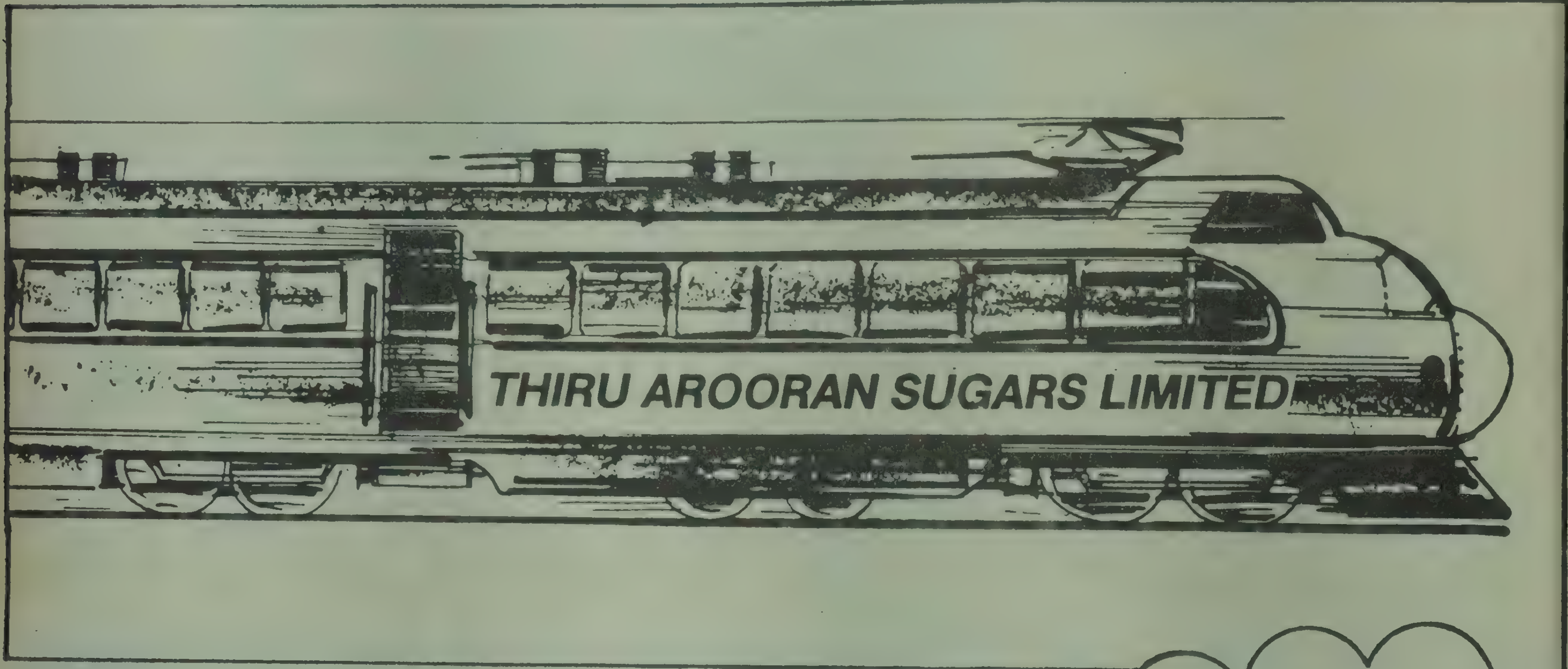
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This excellent performance has brought rich rewards to the Company's shareholders. An aggregate dividend of Rs. 16.83 for every share of Rs. 10.00 has been paid during the last 5 years, yielding an average annual return of more than 33% by way of dividends alone. The annualised rate of the last dividend, 37.5%, is one of the highest in the industry. Yet even this substantial dividend is covered more than 14 times by profit after tax. What's more, the shareholders have been further rewarded with two handsome bonus issues of 1:1 in 1988 and 15:4 in 1990. Even if the latest bonus is taken into account, the annualised earnings for the period ended November 30, 1989 portrays a healthy EPS of Rs. 11.54.

Such gratifying results have spurred the Company to set up another modern sugar plant of 2500 TCD capacity, at a cost of Rs. 25.9 crores. This plant, also located in Thanjavur District, and already commissioned, incorporates state-of-the-art technology. This includes, for the first time in India, the original self-setting mills developed by Fives Cail Babcock of France, which are world renowned for higher extraction. The plant incorporates a high pressure boiler generating steam at 600 psi, resulting in substantial savings of bagasse. The Company proposes to utilise this bagasse for cogeneration of surplus power which will be tapped for other projects under consideration.

To part finance this new plant, the Company is entering the capital market.

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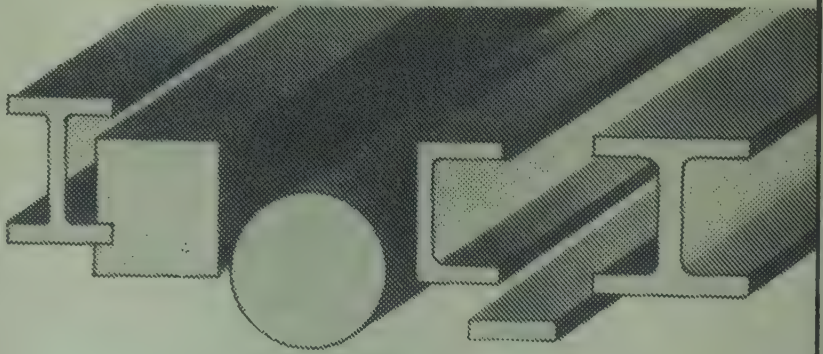

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PRESSMAN

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Churning out professionals

The annual round of hopeful noises about software exports is somewhat sober this year. Once again, the experts have forecast a boom in the country's software exports. Last year they did the same and, much to their chagrin, instead of crossing the planned Rs.300 crore, exports reached only Rs.160 crore. The industry and the promoting government agencies, meanwhile, were forced to review the targets several times over the years. The problems have been many, chief among them being the lack of trained manpower in specialised areas.

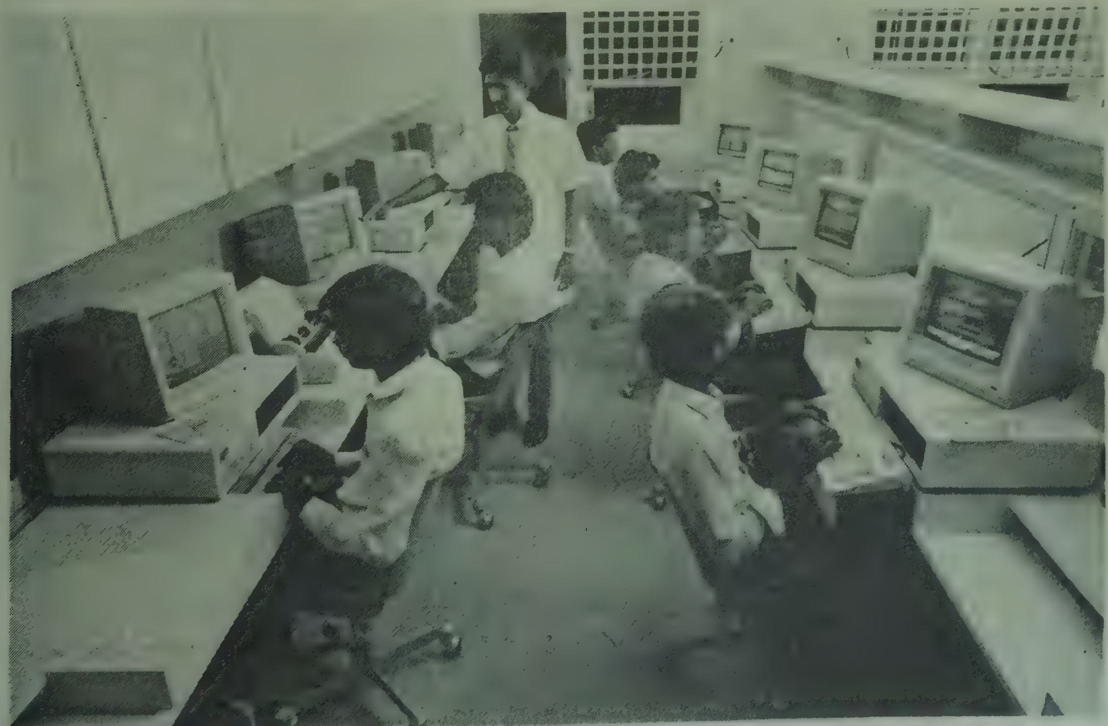
The department of electronics (DoE) has set an ambitious target of Rs.1,500 crore worth of exports by 1995. The manpower requirement to meet that challenge: 185,000 professionals by that year. However, the education system in the country can churn out not more than 10,000 a year. What is required therefore is that some organisations take the lead to fill this enormous deficit. And this is precisely what Maharashtra Electronics Corporation (Meltron), National Centre for Software Technology (NCST) and Indian Institute of Technology, Powai (IIT) have set out to do: to jointly set up a software development academy in Bombay.

"Booster training"

According to Dr. P. Sekhar, director (development and training) of Meltron, his organisation has promoted the concept for providing "booster training for software skills mainly for export purposes" with a specific eye on the US market. Initially, 200 students will be trained each year in fields like application tools, database management, computer graphics, and systems analysis and design. The number is small but it is a beginning. The students will be trained for a period of 6-12 months and will then be available for absorption in a starving industry.

Highlighting the trends in the US software market, Sekhar says there is a lot of activity in areas like executive information system (EIS), downsizing and networking. Most of the companies active in the export market have a large requirement for specialised manpower. Citicorp, for example, requires about 200 people in the next two years; Mahindra British Telecom needs another 300 next year. And both Tata Consultancy and Tata Unisys require 500 each. Each company, elaborates Sekhar, spends between Rs.25,000 and Rs.2,50,000 to train its personnel. "We would be able to impart training at a much lower cost since the faculty and syllabi will be readily available," says a confident Sekhar.

It is in this area that the role of NCST assumes importance. This premier software institute has been running various structured courses that are widely acclaimed within the industry. Meltron, which initially wants to start the courses in Bombay and Pune, is being helped by NCST to implement this new concept. While NCST will provide the expertise, the former will provide the infrastructure. NCST stands to gain considerably — presently its activities are restricted to Bombay and joining hands with Meltron would give it a wider area of operation and thereby recognition.



A premier software institute that runs specialised manpower training courses

Paucity of funds, however, is a major obstacle. The software development academy will require between Rs.50 to Rs.75 lakh to become operational. ICICI has been approached for finance, but according to ICICI officials, although a formal proposal has not been put forth, they find the project interesting and would like to help. Also, they still have to decide the manner in which the loan should be disbursed.

Run of the mill?

According to Sekhar, the manpower training will be regulated entirely by market demand. The courses will be reviewed periodically depending on the requirement of the software market. While this appears to be a pragmatic approach, the view of F.C. Kohli, director in charge, Tata Consultancy Services (TCS) is noteworthy. He believes that such an academy might just turn into another government organisation, inflexible in its operations as well as in decision making. "The type of training we are talking about is different from that imparted in academic institutions like the NCST," he says.

But Swaroop Krishna, senior vice-president (computer consultancy services), Tata Unisys, holds a different view. Although he is unaware of the setting up of the new academy, he does say, "any course which is run by NCST is always welcome since it's second to none." However, Lalit Kanodia of Datamatics chooses not to comment on the proposal.

Despite the all too obvious gap between the projection and reality of software exports, and the odd criticism, Sekhar is not discouraged. The software development academy is set to take shape. As Kohli points out, "If we get a good model to work on, it should be multiplied." So if the industry eventually accepts the standards, will the new academy be able to deliver the goods, both in terms of quality and the required manpower? Sekhar certainly believes it will.

■ RAHUL SHARMA

TEHRI CONTROVERSY

Caught in a maze

One of the asides in the Tehri dam controversy is the number of opinions the government has on the project. Two committees have advised against the dam, one has approved it, the environment ministry has rejected the dam project, the Central Water Commission has welcomed it, the Planning Commission has granted it a 'partial' clearance, the Comptroller & Auditor General (CAG) has expressed doubts about it and the finance ministry has not yet approved it.

The net result of this marked lack of consensus is that the government has not given go-ahead to the project. But Rs.380 crore has already been spent on Tehri, and while the dam site bustles with activity every day, 220 km away in the corridors of power in New Delhi, the official position is: "We are considering all the options before taking a decision."

The Tehri controversy, apart from its other ramifications has led to serious debate on the procedures that different arms of the government employ in decision making. For example, who actually cleared the Tehri dam project? Though this query may be belated, considering the amount that has already been spent on it, according to government records the lone committee which cleared the project in 1986 did so under very questionable circumstances.

Detailed inquiry

Since the mid-seventies, detailed studies were made in and around the Tehri site. These included data on the seismicity factor. Simultaneously, when Tehri residents and several environment groups demanded a detailed inquiry into the safety aspect, a working group was formed in 1978 with S.K. Roy as chairman. In its report, submitted in 1985, the committee advised against continuing with the Tehri dam project.

The environment ministry endorsed the committee's view. Yet some five years later, after Maneka Gandhi took over as environment minister, an 18-member 'appraisal committee' comprising experts in earthquake engineering, seismology, environment, social sciences and civil engineering, prepared a detailed report (withheld from the public) enumerating the reasons why the Tehri project was basically unsound.

But the lone committee which gave the green signal to this Rs.3,000-crore dam made its decision following a meeting called hurriedly on 13 October 1986 by the then chairman of the Central Water Commission, M. S. Chitale. The members were not even aware of the purpose of the meeting until they were briefed by the chairman. The meeting lasted about three hours and concluded, despite protestations to the contrary by seismologist V.K. Gaur, that the Tehri project was perfectly safe.

Significantly, the meeting took place just 25 days before the visit of Soviet president Mikhail Gorbachev. A view held in some quarters is that since the Indo-Soviet collaboration for the 500 MW nuclear reactor fell through, the Tehri dam tie-up was proposed as a back-up. Eventually, an agreement was signed by the two countries. The USSR was to provide technical knowhow and financial assistance (figures not available) and were to construct two power-houses at Tehri, the entire Koteshwar dam and the transmission lines — all on a turnkey basis. And this was for a project not yet approved by the Planning Commission and the environment ministry!

> **Who actually cleared the Tehri dam project? Though this query may be belated, according to government records the lone committee which cleared the project in 1986 did so under very questionable circumstances**

Sloppy decisions

This sloppy decision making persists even today. While it is the Planning Commission's task to earmark funds by evaluating a project on techno-economic criteria, often it is the National Development Council (comprising all the chief ministers) which takes the final decision based on political considerations. Tehri has only highlighted what is endemic to the entire planning process.

Several questions remain unanswered. The Planning Commission has given its 'partial approval' to the project which means it has not yet cleared the irrigation component of the dam. But it is precisely this component which was used to evaluate the economic viability of the project; in which case what does this 'partial approval' mean? And how is it possible not to give final sanction when the commission has approved routine construction work? The fiscal sanction has followed the same line. The finance ministry's public investment board has not yet approved this project, but with Rs.380 crore already spent, how is it possible to withhold consent once the dam is ready and finished?

Finally, Tehri has highlighted the rather awkward position of the ministry of environment. This relatively young department has twice recommended doing away with the dam but is being contemptuously ignored. Normal procedure is that both the Planning Commission and the environment ministry submit their views to the council of ministers for a final decision. But in the case of Tehri, the cabinet is shying away from taking one. Instead it keeps forming new committees to form newer opinions. In the latest twist the last committee, headed by D.P. Dhoundial of the Geological Survey of India, told the government that there is no reason to fear the occurrence of earthquakes in the Tehri dam region.

One decision that the government did take but which escaped public notice was on the Vishnuprayag dam. Of the 20 projects which were planned to harness the Bhagirathi-Alaknanda area for hydel power, one was the 'run of the river' scheme near Badrinath, with the powerhouse based 12 km away at Vishnuprayag. Work began on this project in the late seventies but drew protests from Magsaysay award winner Chandi Prasad Bhat (of Chipko fame) who pointed out that the volume of water would run the turbines for only three months of the year. Though this was examined and confirmed by the government in 1984-85, work still progressed slowly till early this year when the project, which had cost Rs.35 crore by then, was finally shelved. The greens are hoping that the Tehri dam meets the same fate but the government, as usual, is still dithering. And the result is status quo. ■

R.S. VENKATESH

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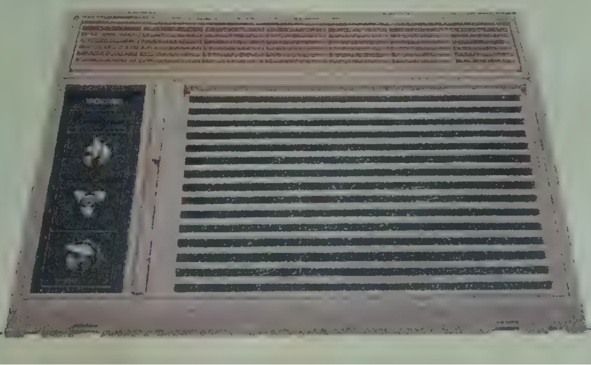

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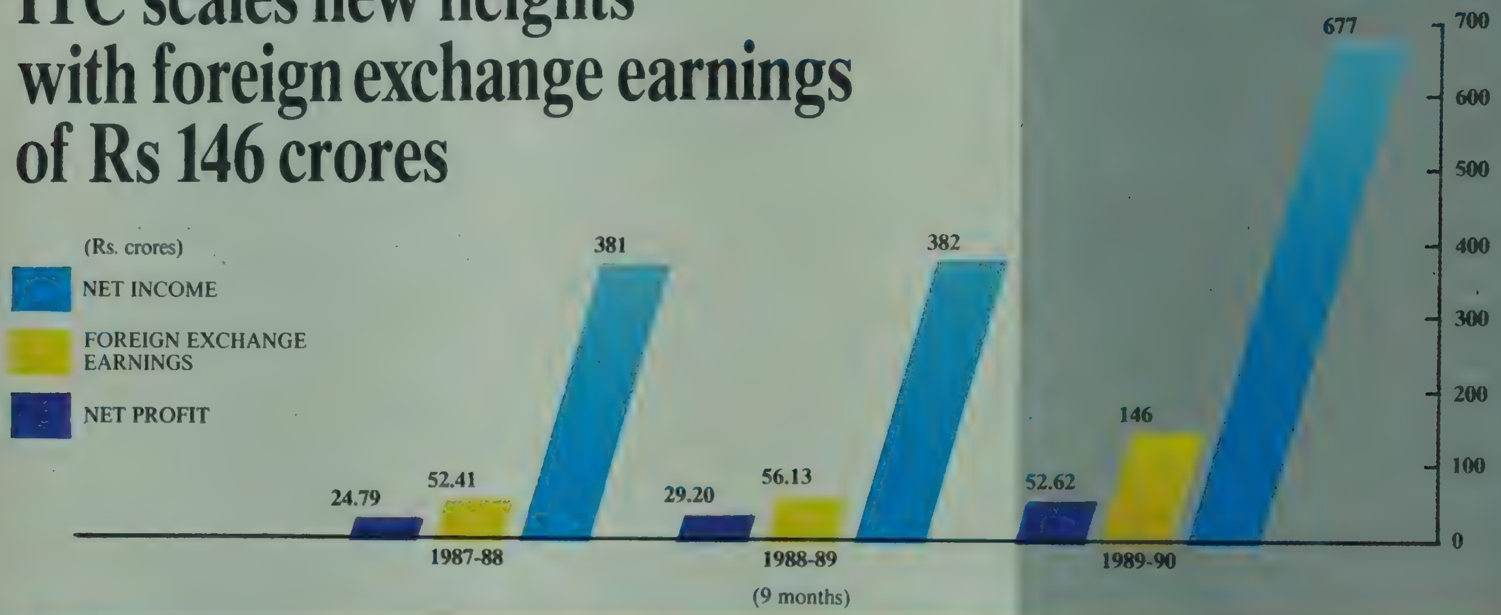

Financial Results for the year to 31st March, 1990

			12 Months Ended 31.03.90 (Rs in Crores)	6 Months Ended 31.03.90 (Rs in Crores)	3 Months Ended 31.03.89 (Rs in Crores)	9 Months Ended 31.03.89 (Rs in Crores)
I	INCOME					
	Sales		1807.56	953.94	361.73	1058.65
	Other Income		19.74	7.81	2.53	8.99
		(A)	1827.30	961.75	364.26	1067.64
II	EXPENDITURE					
	Raw Materials, etc.		336.69	178.40	60.43	185.37
	Duties		1150.42	595.88	232.70	685.97
	Wages		64.71	31.73	10.52	38.14
	Interest		26.47	11.99	4.45	14.94
	Other Manufacturing, Selling, etc. Expenses		150.08	83.94	34.19	90.22
		(B)	1728.37	901.94	342.29	1014.64
III	GROSS PROFIT (A-B)		98.93	59.81	21.97	53.00
	Provision For Depreciation		8.31	4.21	1.94	5.79
	Provision For Taxation		38.00	23.35	5.25	18.01
IV	NET PROFIT (AFTER DEPRECIATION/TAXATION)		52.62	32.25	14.78	29.20
V	FOREIGN EXCHANGE EARNED		145.97	94.31	24.77	56.13

NOTE : The above is as per Stock Exchange Regulation and does not take into account the tax and excise claims disputed by the Company.

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Dated: 17th May, 1990

By order of the Board:
I.T.C. Limited
N.K. Ghoshal
Secretary

India Tobacco Division • Indian Leaf Tobacco Development Division • Packaging & Printing Division • Agri-businesses Division • Welcomgroup—Hotels Division • Exports Division

INDUSTAN LATEX

Moods' global presence

n the global marketplace, goods that ear the 'Made in India' tag are too few to eally grab attention. But to this meagre ot, a public sector company has managed o make a small but nonetheless, signifi-ant contribution with an unlikely prod-ct — condoms.

For Hindustan Latex (HL), the profit-naking public sector company headquar-ered in Trivandrum, (turnover in 1989-90: Rs.24.96 crore) this is just a continuation of what it has been doing with increasing expertise since 1969. Today, with a production level of 608 million pieces per annum, HL is the world's largest manufacturer of condoms.

The company took its first small step overseas in the latter half of 1988 when it sold 1.4 million pieces of the ultra thin variety (worth $110,864) to Laboratoire Biochimique Inc, a Canadian company. The Canadians repackaged it but retained HL's brand name, 'Moods'. Also in May 1988, HL secured another order — to supply 0.9 million pieces valued at Rs.810,000 — to the government of Mozambique.

A new market

Last year saw the opening up of a new market — the USSR. In February 1989, HL signed a contract with Sojuzzdravexport, Moscow to ship 32.5 million pieces worth Rs.1.53 crore, the order coming through Fortune International, the Delhi-based trading house. In January this year, the same Russian firm ordered another 65 million pieces valued at Rs.2.86 crore. Another enquiry for about 25 million pieces has come through Tata Exports for a co-operative in Russia which has specifically asked for the 'Moods' brand.

"When we proclaim that we are the biggest in the world," says HL's chairman and managing director P.V.S. Namboodiripad, "we need to prove it by making our presence felt worldwide."

The real push to venture overseas came, inadvertently enough, from the government of India itself. It recently granted three more licences for manufacture of condoms — to Polar Latex in Orissa with an installed capacity of 160 million pieces using technology transferred from HL: a JK group company (400 million pieces) and a Reliance group company (160 million pieces) — in spite of HL's objections.

When these units go on stream, supply will outstrip demand, which is expected to grow annually at 7.5 per cent for branded condoms. HL expects that by 1995, the domestic market will be saturated with an estimated production capacity of 1,200 million pieces. That is when the going will get tough for a company like HL, which has depended solely on condoms to rake in profits for the past five years in a row, mainly through very high capacity utilisation of 111 per cent.

Profit is also the other compelling reason for this new thrust into exports. Post-AIDS, the world price for condoms has increased. In the US, for instance, a 12-condom pack retails for about $7 (Rs.140), which HL can supply for around Rs.12. For its first Canadian order, HL supplied at the rate of Rs.1.20 paise per condom, while the actual cost to the company was about 80 paise.

All this has helped firm HL's bottomline. In 1989-90, the company's exports were over 5 per cent of total production and accounted for 7.5 per cent of its profits of Rs.3.2 crore. In money terms, exports crossed Rs.1.5 crore, compared to Rs.25 lakh in 1988-89. This year, the company expects its exports to fetch a profit worth 12.5 per cent of total turnover, which, it aims to raise to 25 per cent by next year. If it can cross the Rs.3 crore mark, the company can apply for 'export house' status and the blanket export licence that goes with it. This in turn will lift the company out of its near-total dependence on government orders.

Consignment of condoms ready for export: can do with some government help

Fear of overdependence

At any rate, the government, as the company has discovered to its dismay, cannot be relied upon for production planning. Purchase orders from the ministry of health and family welfare are irregular and rarely sent on time. But for the Russian order now being filled in, HL would have had to resort to lay-offs.

It was this fear of overdependence that propelled the HL management into exports. But when it first mooted the idea in 1986 and asked the government to allow it to export at least 75 million pieces, it met with resistance. Only repeated pleas by the HL management won over the decision-makers.

Now that HL has got a toehold in the export front, the market before it is huge. The total annual demand worldwide is estimated at six billion pieces. In 1986, about 46 million couples used condoms. Of those, 60 per cent lived in the developed countries, mainly in Japan (about one-quarter of the world's condom users are Japanese), the US and the UK.

The AIDS scare has also boosted demand. In the US, for example, estimated annual retail sales increased 25 per cent between 1982 and 1984, rising from $225 million to $282 million. HL has not yet been able to enter the US, though it has applied for FDA registration. India's low credibility and unreliable delivery schedules by Indian shippers could create problem in this area.

Potentially the UK can import about 14.4 million pieces each year and Belgium another 10 million pieces. The countries doing well in these markets now are Japan, South Korea and Taiwan, the latter two offering unbeatably low prices.

Nonetheless, HL is not withdrawing from battle. Its Canadian distributor, Peoples Trading Ltd, Toronto recently bid to supply HL condoms for a high school vending machine scheme in Canada. But this alone will not get HL far in the global condom race. It could do with some help from the government — less bureaucratic holdups, for a start, and greater leeway in decision-making.

■

K.G. KUMAR

HUMAN RESOURCES DEVELOPMENT IN A BUSINESS

Speech delivered by Mr. B.R. Shah, Chairman, Lipton India Limited, at the Annual General Meeting held on June 8, 1990 in Calcutta.

India's physical resources have many dimensions. Fertile crop lands, immense reserves of minerals, great rivers, a long coastline and a diversified industrial base are only a small sample.

The greatest of all our assets, however, are human resources. These are abundant, inexhaustible and, more important, can be developed and channelled to meet the equally colossal problems confronting our country. However, for these resources to be productive, they must be high calibre.

Many types of resources are necessary to manage an industry: capital, technology and goodwill in the form of property in brand equity. But the mere existence of these resources is not a sufficient condition for entrepreneurial activity: they need human resources to make them come alive.

Today I propose discussing human resources at Lipton, and how these resources have been so nurtured and husbanded to respond to the needs of a fast changing business environment, in the context of its own growth strategy.

There are five broad issues that a large business such as Lipton needs to address itself to in organising and developing human resources on a sustained basis and to put other resources like finance, technology and brand equity to the best possible use.

These are:

A. Human resources must be responsive to the needs of the business,

B. Team effectiveness and a collaborative climate are crucial to achieve business success – the company's value system plays an important role.

C. The basics of motivation have to be fully understood.

D. Recognising the importance of communication, to enable people in an organisation to network to achieve change and growth.

E. And, lastly, insight into future trends in the environment relating to human resources and their impact.

A. Shaping Human Resources to Respond to Business Needs

An enterprise as large as Lipton needs to have a clear perception of its business goals and an appropriate agenda to mould its human resources to successfully manage change. This entails insight into anticipated business changes, grooming managerial resources, improving productivity through training and streamlining manpower in every facet of its operations. Let me now recount Lipton's experience in meeting these tasks.

1. Business changes

Lipton's business in India dates back to 1889. The company remained a single product – tea – business until 1984. Its first task was to become a multi-product enterprise so that its operations could achieve a reasonable degree of stability. The second was even more serious: its original business, tea, needed considerable attention as there were clear signs of sickness. The people in this business therefore had to adapt to the imperativeness of change to make it viable and they and those from other businesses such as Edible Fats, Dairy Products and Animal Feeds who came to the Lipton fold had to be harmoniously integrated. The 'New Lipton' had to demonstrate its cohesiveness and team spirit. This was important not only for the growth of these businesses but also to enrich the jobs and allow for the growth of the people working for these businesses.

That we finally managed to put these behind us was the result of a lot of introspection and strategic planning, particularly in our tea business, together with a clear focus on adapting the positive aspects of the company's human resources to the tasks of the future. Better cost and commercial controls, innovations in marketing, an accent on productivity and changes in the distribution arrangements were also undertaken.

A new ambience was created to bring together the people in the traditional and the new businesses and to raise overall professional standards by an exchange of people across businesses and enrich experiences.

'Liptonians' today man over 30 units. The company has a significant market presence in over 3,500 important towns and 700,000 retail outlets buy Lipton brands regularly. Our people have also introduced new products and created brand properties in new market segments. Our marketing teams have created innovative advertising communication in both the traditional and new businesses to reflect the changing aspirations of the consumer.

The company now has new brands: Flora, Taaza and Tree Top. Lipton's factories also handle larger throughputs. Modernisation and renewal have expanded capacity. These have all been successful because of the company's attention to the development of its human resources.

2. Building managerial resources

A company's success as a business substantially depends on the quality of its managerial resources, and the leadership it is able to provide to take the business forward.

Selection of managers

Selection to management is rigorous and our standards are high. There are three ways in which Lipton meets its requirement of managers: through the Management Trainee Scheme, through direct recruitment and through promotions from within. Lipton recruits the trainees in conjunction with other Unilever companies in the country through interviews, often conducted at the campuses of well-known institutions.

Lipton's credo is that the company offers those intending to join it "only careers, and not jobs". Defined this way, the company's commitment to managerial manpower becomes amply clear. Of course it is expected that the manager who joins the business, usually as a youngster, also has a similar commitment to making a career with the company. This is the philosophy for selection in Unilever companies in India and, indeed, internationally.

Recruitment & induction:

The management trainees who join the business come through a rigorous selection procedure. They are bright and young and usually not much exposed to business. Invariably these young men and women come from middle class homes with an accent on good education as an important asset.

The new recruits to management receive a bird's eye view of the business irrespective of their field of specialisation. They are also exposed to formal and intensive induction programmes. The objective is to integrate young minds with Lipton's corporate thinking, encourage openness and enable them to perceive the linkages among the diverse parts of the business. They also spend eight weeks, as part of their training, in Etah, where Hindustan Lever and Lipton have an Integrated Rural Development (IRD) Programme. Except for the exposure to IRD, the direct recruits and internal promotees also go through a similar induction process.

The training process & placement

The training period ranges from 18 months to 24 months. The trainees are aided by a 'tutor', usually a departmental head or a senior manager who meets them periodically and records any observations in a contact book which the trainees maintain. Our training programme exposes the trainees to the company's operations at various levels. They learn by doing, writing reports and undertaking project work on live problems. At the end of the training period comes an interview with the Chairman. After their confirmation, the trainees are posted to a job in their field of specialisation where they normally remain for a period of three to four years before being transferred to another experience-enriching position. Annual appraisals and on-the-job counselling from experienced colleagues enable trainees acquire the necessary managerial skills and perspectives. The fact that performance is assessed against objectives agreed and set at the beginning of each year, and the manager is free to record his reactions at the time his appraisal is read out to him, makes the system as fair and objective as it can be.

Manager & entrepreneurship

A business has to take risks. Managers therefore cannot seek protection against possible failures in the process of being entrepreneurial. Lipton extends unusual opportunities to make people "intrapreneurial". In the company's Animal Feeds Business, for instance, young managers can discover the entrepreneur in themselves. An Area Manager of a Lipton Animal Feeds Unit typically handles sales, production, buying, union negotiations and has to think on his feet. Exposure of this nature enhances his experience. When he moves later in his career to jobs in marketing, finance or general management, he becomes a leader in his own right and is able to motivate a bigger team of people.

Remuneration

A key to building an effective, well motivated management team is a reward system which is not only fair, but is also seen to be fair. At Lipton, the practice is to remunerate a manager according to the nature of job responsibility shouldered.

Increases in the salary levels in the normal course depend on performance and the extent to which the objectives set have been achieved. This means that salary rises are merit-based, and not automatic.

Planning & review

The quality of success a business plans to achieve tomorrow and the future it creates for itself largely depend on the 'people decisions' you make today. What makes this systematic at Lipton is a procedure called the 'Personnel Planning Review'. This takes into account several relevant factors such as the effectiveness of the present organisational structure, the changes needed to meet future business demands, assessment of management resources and specific training requirements.

3. Enhancing productivity through training

Lipton believes in keeping its human asset in the best possible state of health. This can only be achieved by a well thought out plan to rejuvenate and renew talent of a high calibre and a management committed to a culture of excellence.

A key ingredient of this process is Lipton's policy of providing training to its people. The numerous training programmes the company organises are business-led. Ongoing programmes include skills courses of a wide variety, e.g. sales skills courses which provide the sales teams a broader picture of a changed market and adapting to the competitive environment; courses in computer applications; workshops for sharpening commercial skills, amongst many others.

Training programmes have a clear objective: to make the work force do their job better through minimising wastages, maintaining plant and equipment and sharing the corporate concern for quality, cost - effectiveness, and safety. Such programmes are run at individual unit levels.

Training is often pro-active and anticipates the need for a new range of knowledge or skills arising out of a perspective business plan; for instance, in the application of information technology, logistics and energy conservation.

Another dimension of training is its 'people' orientation. The annual appraisals of employees usually suggest special areas that need attention in terms of training inputs. These inputs are particularly regular for supervisory and managerial personnel. Quite often the training needs stem not from an analysis of the present performance but the potential the employee has to take on another job at a higher level.

Training is a continuous process and we find that it is most effective when it occurs on the job or is closely allied to it. In this way, training is made relevant to meet business needs as well as to improve performance and productivity.

4. Overmanning

Overmanning remains one of the vexing issues in many companies in the country and Lipton is no exception. In fact, the older the organisation, the more intractable a solution to the problem. Overmanning increases costs, saps competitive power, and affects the viability of the unit leading to its eventual sickness.

The management, however, has a responsibility not to let a unit become sick. They can only do this when they evince genuine concern for the work force and their post-resettlement problems once they decide to accept a separation package. The management should at the same time invest in such units to modernise them and retrain the remaining work force and undertake comprehensive cost control measures to ensure that the phenomenon of sickness does not recur. This is the approach that Lipton has successfully adopted.

B. Focus on Team-building

The activities of a great number of people have to be coordinated into effective working teams. This requires a clearly defined organisational structure whose basic objectives are understood and accepted by all involved. From the overall objectives of the company, individual unit objectives are established and these are further broken into objectives for departments, teams and for individuals.

What pervades Lipton's businesses, spread across the country, is the emphasis on team-work. It is the inculcation of an effective team-work culture, focusing on the strengths of individual employees in a professional atmosphere, which has enabled Lipton to swiftly adapt to the changes in the business environment. Such an effective team culture thrives because of openness and trust nurtured by a well recognised value system, effective team-work among managers and a sound policy of industrial relations based on mutuality and fairness in collective wage bargaining.

1. Value system

Lipton shares a certain ethos, culture and values with a larger group, Unilever, a world leader in consumer products. As a member of Unilever, it has a wider view of the world. Unilever's experience in managing people internationally has been adapted to Lipton's Human Resources Development (HRD) strategy.

The consumer is at the heart of the company's business and, therefore, ensur-

HUMAN RESOURCES DEVELOPMENT IN A BUSINESS (Contd.)

ing product quality is an article of faith.

Merit is the main criterion for the progress of an employee in Lipton.

The people who work for Lipton believe in a strong work ethic and integrity. This is extremely important as everyone who works in the company, whatever the level, is an employee, and collectively, accountable to the company's true owners – shareholders like all of you here.

2. Team-work among management

Working as a team is particularly important for management. Lipton's businesses operate in highly competitive markets and there has to be continuous inter-functional coordination not only to solve problems speedily but also to take advantage of entrepreneurial opportunities. The managers also have to work as a team in a number of other areas like new product development. Lipton's success in turning around the fortunes of its original tea business and emerging as a multi-product company is the result of team-work.

3. Human resources & industrial relations

An industrial culture demands an atmosphere of discipline, effective team-work and a shared concern for the success of the business. In view of this, it is important that good industrial relations practices are fostered.

4. Collective bargaining

Lipton believes that the key to secure relationships is trust and mutuality. This belief strongly influences its approach to dialogue with the unionised category of employees.

At all our units we attach great value to bilateral and open discussions on issues of joint concern. Such a dialogue has helped us to evolve a fair wage policy. Our policy is to pay in line with the region and industry and also on a level which ensures the long-term viability of the unit, security of continued employment, and all this in an environment of rising expectations. Our experience has shown that the best way to provide a fair wage and at the same time maintain viability is through linking benefits to productivity. This ensures that all concerned are involved in the growth of the unit and the organisation as a whole.

C. Motivation: The Moving Force to Excel

People are not like machines whose output we may be able to direct or control by pressing a few buttons. Any large business which has a long-term stake in building a sound future must recognise that human interactions and their results are subject to variance. Some of the factors that provide a strong motivation to people in a business to excel are: the structure of the organisation, fair assessment of an individual employee's performance and creation of a sense of belonging to the company. Let me now discuss these in the backdrop of Lipton's operations.

1. Business structure & motivation

Lipton's business structure is based on a profit centre organisation. The profit centres share central services such as finance, technical, personnel, and others. Since profit centres are 'profit responsible', inter-functional coordination and swift decision making are assured and business goals are continuously monitored. In a sense, it is the accountability, recognition and involvement inherent in the business structure which creates the motivation for individuals.

Considerable planning is necessary to create, develop and deploy human resources, and such advance action is possible only if the business plans mesh well with the mosaic of human resources. Lipton has prepared a five year business plan which spells out product fields, marketing, sales and production objectives and strategies, the cost of financing new activities, modernisation programmes, and investments. This plan has an important ingredient: a time horizon. After identifying the nature of skills required, particularly for the new activities, the HRD function has to determine the methods of training/retraining or redeployment.

Another facet is planning for replacement of people leaving the business due to natural factors like retirement and ill-health. The company's manpower planning is objective and is based on the concept of zero-budgeting, but it does recognise that with experienced people leaving, regeneration of skills to meet newer demands has to be planned.

2. Appraisals

An annual appraisal system which covers most employees ensures that a record is maintained on current performance. More significant, the appraisal system takes into account the individual's potential to shoulder higher responsibility This system promotes healthy competition. For the future, we plan to extend such an appraisal system to cover more categories of employees.

3. Creating a sense of belonging

The vitality of an organisation lies in its ability in knitting its people and making them feel that they belong to a team.

Lipton's people work across the country and the company's house journal, which reaches every employee regularly, provides a corporate personality to the organisation. For a business as large as Lipton, a 'people' focus is essential and the house journal serves this purpose. The good service awards, annual sports, safety week, mock fire drills, retirements, marriages, success of children in examinations, blood donation, special activities under IRD in Etah — news covering all these finds a place in the journal, together with business oriented news which the journal chronicles from time to time.

Whether it is the Pongal festival celebrated by colleagues in Lipton's factory in Tiruchy or a professional quality stage production organised by employees of our Calcutta units, what comes out is the individual creative urge for expression. A business has to consciously provide such outlets. Well organised, they usually become both enjoyable and fulfilling. This has been Lipton's happy experience.

D. Networking for Change & Growth

The larger an organisation, the more complex the process of ensuring that people who make a career with it work together, understand the broader company goals and help bring about changes vitally needed to seize growth opportunities. Our success here is due to a conscious process of sharing information with employees and building an atmosphere of empathy.

In the beginning of the decade, the company's focus was to set the house in order in its tea business. A mature business in many ways, it was battered with problems of rising costs, a modest market share in a relatively static market, and little by way of investment in new assets to raise productivity. It was caught in a vicious cycle.

Empathy built with employees, both on-the-job and through regular training programmes, helped bring about an attitude of understanding. The opportunity was also taken to openly air, in management/union discussions, the problems the business faced. Facts concerning rising overhead costs without an appropriate increase in sales volumes and profitability, and their long-term adverse impact were also freely discussed. In short, the experience gained reinforced the need for continuous dialogue in order to nurture a healthy attitude of collaboration rather than futile confrontation and conflict.

The credit for making it happen goes to our unit heads and colleagues down the line. They made information sharing about the state of the business the corner-stone of good relations, and looked upon colleagues at all levels as a vital resource that we needed to build on and value. The company also organised surveys from time to time to have an objective assessment of how the organisation is perceived by its people.

The process of information sharing continues. For instance, our sales personnel, supervisors, office and shop-floor colleagues take part in what are called "Our Business And Us" programmes. These bring home the fact that large investments are being made by the company today to strengthen its market position. At the heart of such programmes is the message that the company is set on a new course so that the long-term future is made more secure and the people have a stronger company to work for.

E. Future Issues in Managing Human Resources

What kind of people will industry and business need in the future? I believe that specialist managers have a significant role to play, but the need will be even greater for people with leadership attributes. Such managers must feel at home and be effective wherever they are posted, a metropolis or a place in the interior of the country. And they will have to be resourceful, versatile and very innovative. A finance man, for instance, will have to be a lateral thinker, at home in financial engineering, and one who brings to bear a new kind of business sensitivity on the internal environment. The same applies to marketing and production.

With continuing liberalisation, competition will be intense and the people manning industry will have to deliver products of significantly better quality and value to the consumer. Given the flux and rapid pace of change, reactions to developments in the market-place will have to be swift. So employees at all levels will have to be better trained, more educated, technically competent and aware.

With this backdrop, let me address some of the issues that we need to tackle in the future years.

1. Demand for managerial personnel

There is keen demand today for talented people, particularly managers, unlike ever in the past. As industries and the service sector of the economy grow, this trend will strengthen. Lipton, who is engaged in very competitive businesses, will have to be proactive while at the same time preserving its time-tested value system. Our reward system, work culture, and ability to provide career growth opportunities will all be closely under review to meet the challenge. The world is shrinking rapidly and young people who are achievement-oriented will be drawn increasingly by global opportunities.

2. Linkage with the educational system

An allied area where perhaps industry in general will have to focus on more sharply is increasing the availability of the right calibre of people; this will require industry to initiate suitable linkages with academic and technical institutions. This is a step needed not only to enhance the number of people available for managing businesses in the future but to make them competitive with products and services of international calibre. This in turn will equip the country for opportunities in international trade, an area that will grow in importance.

3. Facing up to a new kind of competition

For nearly four decades India has remained a sheltered market. But with liberalisation, all of a sudden there is need for a new breed of personnel who have to understand competition in all its aggressive forms. This calls for a market and customer orientation of a kind vastly different from the one that we have known in our sheltered years. Human resources development in future has therefore to adapt to this emerging scenario.

4. Training intensity

One of the major issues will be training. Since shortage of the right type of people is likely to be a fact of life, the standards of internal training systems will have to be moulded so as to enhance the promotability potential of an increasing number of people from within.

Since the pace of change in technology and consumer preferences will be more rapid, employees will have to keep learning newer and newer things to cope with the demands of change. So nimbleness of mind that needs to be cultivated through acquisition of new knowledge and skills and hands-on training will be of a very different order. People in charge of HRD will have to recognise this right from the stage of selection of employees so that making people respond and adapt to change in the business environment becomes an integral part of the business strategy.

5. Challenge of motivation

Since the new employees and managers will be of a calibre selected with an eye on the future, they will all be of similar high competence levels. It will be a challenge to keep motivating them. It is conceivable that organisational structure will have to be looked at innovatively in order to meet the motivational needs of people and 'position' them in jobs with the right type of responsibility.

Introduction of high technology and work groups operating without the traditional band of supervisors or inspectors will become more common. Such 'semi-autonomous work groups' will have to be trained to have the motivation to take care of equipment and meet output targets and tough quality standards.

This will also demand leadership attributes of a high order on the part of people manning such decentralised operations.

Conclusion

Lipton has changed remarkably in the last ten years. Its human resources were channelled to respond to the imperatives of change. We encountered severe problems as the decade opened. We overcame them and turned around the tea business. The process has progressed to such an extent that today Lipton is investing capital in developing this business further. In fact, only recently Lipton opened in Etah, Uttar Pradesh, a modern tea factory to produce packet teas and instant tea concentrate. The commercial goals have become better focused and the distribution system is being reshaped to meet the needs of the business today. The company's Tea Exports business too has become an efficient and growing operation.

From being a single product business, Lipton emerged as a multi-product enterprise in 1984. More units and more people have joined the Lipton family. Team-building and team effectiveness have been achieved with emphasis on training and motivational inputs.

The tea business and other businesses such as Edible Fats, Dairy Products and Animal Feeds which Lipton acquired later have all grown profitably in these years.

The human resources that Lipton has built over this decade of challenge will enable the company to face the future. The future will undoubtedly bring forth several difficult issues, but your company is already conscious of some of them, and I, therefore, have confidence that the business will be in the hands of highly competent people.

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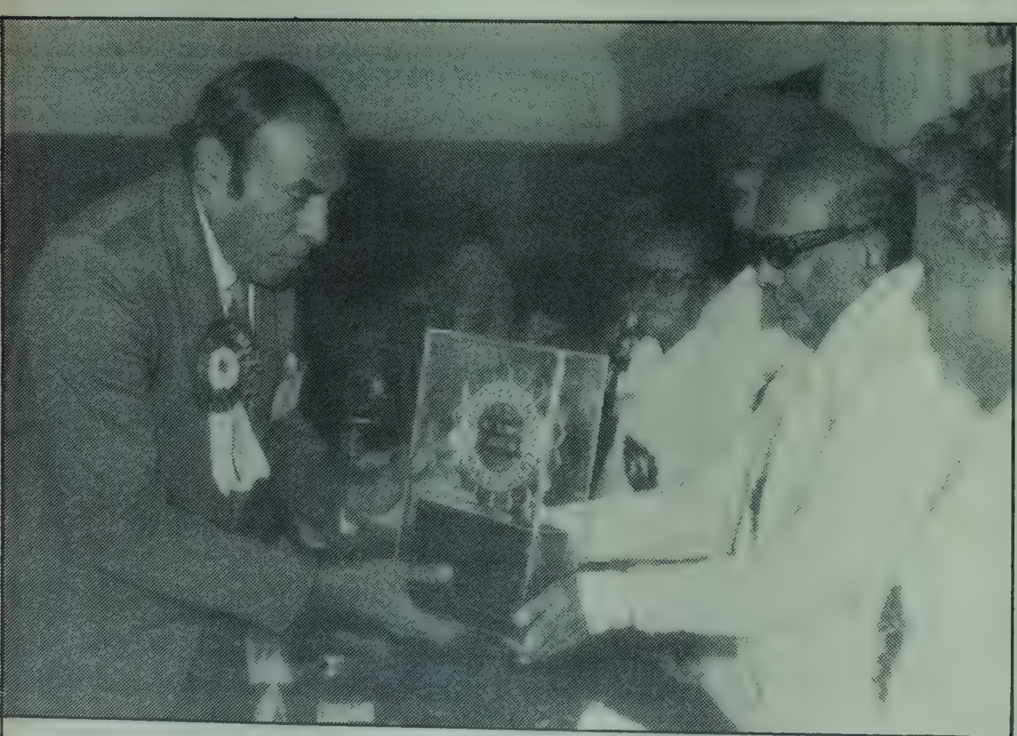

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PETRON GROUP

Coming of age

A big boost provided by the Iran-Iraq war has helped make this construction company one of the best in India

Chuckerbutty, Ambekar, Nair: from humble beginnings to a plush recreation lounge has been an eventful journey

When three engineers left their cushy jobs at Simon Carves to start afresh 15 years ago, they were equipped with little more than a store of goodwill and a two room apartment in a Bombay suburb. The initial Rs. 35,000 that each of them could muster from their savings hardly seemed adequate for the construction company they had set out to build. "We had to run out to the post office to ring our clients — we didn't even have a phone," recalls one of the three.

The trio, R.S. Ambekar, managing director, M.K. Nair, project director, and S. Chuckerbutty, technical director, now head the Rs. 45 crore Petron group and directly or indirectly employ over 7,000 people. The flagship company, Petron Engineering Construction Ltd. specialises in the construction of petrochemical, fertiliser, cement and power plants. With an impressive list of clients, such as IPCL, BHEL, Indian Glycols, Bombay Dyeing and others, for whom they have constructed storage tanks, piping, crackers, boilers, etc, Petron now has over 20 project sites under construction in various parts of the country.

"When we started, we registered directly as a private limited company instead of a partnership, because we wanted to grow," says Ambekar. Their emphasis on growth has steered Petron's diversification into various associated disciplines handled by subsidiary companies.

New ventures

Rockwool Insulation India Pvt. Ltd, deals in the application of castable refractory and ceramic lining for heaters, boilers and crackers. Petron Mechanical Industries Pvt Ltd is involved in a relatively new venture, the manufacture of electrically operated transmission (EOT) cranes in their factory at Vadodara. Petron Exports mainly provides technical and manpower services to clients abroad for construction work. And Petron Civil Engineering Pvt Ltd, which undertakes civil and structural construction for plants, now accounts for about Rs.20 crore of the group's turnover.

In just 14 years, Petron has nudged its way into the select circle of the few bigwigs of the construction business. A field that requires sophisticated technology, machinery, and skilled workers for the erection and fabrication of industrial plants, the industry's major players like ECC and Bridge and Roof have been there for decades. Officials at ECC, the giant construction division of Larsen & Toubro (L&T), acknowledge that "Petron has now emerged as one of our major competitors."

Much of Petron's success can be attributed to the savvy of the three men behind the group. In 1976, when Chuckerbutty, Nair and Ambekar entered the scene, they already had over two decades of experience in the construction, first at Bridge and Roof and then at Simon Carves.

When they broke away from the construction division of Simon Carves to set up their own concern, they took with them impressive personal track records and hoped to get business from a score of their professional contacts. True to their wishes, they were able to bag orders worth over Rs.60 lakh in the first year itself. Initially, given their limited resources, they restricted themselves to smaller contracts. Chuckerbutty is quick to point out, "We have taken care not to bite off more than what we can chew. That way we can complete the jobs we undertake satisfactorily."

The initial going, however, was not without the occasional hiccups. When Petron got their first advance of Rs.1 lakh as the 10 per cent of contract value provided by the client for working capital, they could not convince their bankers to provide the required guarantee. The reason: they did not possess the Rs.1 lakh that the bank demanded as collateral. They switched to State Bank of India, which agreed to provide the guarantee, "The other bank's loss was SBI's gain. We've stayed with them since," recounts Ambekar.

Gruelling experience

Obtaining contracts for public sector projects was also gruelling. With negligible financial backing, they had to provide reams of documentation to even qualify for bidding. While today IPCL is one of their regular clients, at one stage, being a new company, they were denied a measly Rs.7 lakh contract for IPCL in Baroda.

"At that time we also had to face a dearth of engineers, technicians and skilled workers who were all migrating to the Gulf," says Ambekar. For a fledgeling construction contractor, that could have spelt disaster, but the trio decided to angle for a cut of the Middle Eastern cake themselves. As Chuckerbutty reminisces, "The first order we got after considerable effort was from our ex-boss at Simon Carves, a R&D Rs.2.5 lakh contract for the structural construction of the Sheraton at Bahrain in 1978." That contract signalled their breakthrough into the arena of large construction projects. They never had to look back. From 1978 to 1983, they worked on a number of projects in Iraq, Kuwait, Jordan and other countries, even through the Iran-Iraq war. During this period, they undertook contracts worth over Rs.5 crore, including the entire piping and mechanical construction for a liquid petroleum gas (LPG) plant at Basrah. They also worked in Iraq through the Iran-Iraq war.

The Middle East boom was responsible for providing the financial backbone that Petron had hitherto lacked. "Previous to that, it was almost a hand-to-mouth existence for the company," says Ambekar. In those years, over 60 per cent of the company's turnover came from their overseas contracts. Unlike many Indian companies, which suffered when payments from the Middle East petered out following the Gulf war, Petron found the going easy. "Being subcontractors, we were paid by the turnkey contractors and not the clients," clarifies Chuckerbutty. And by the end of the Gulf boom, Petron had established a stronghold in India. In five years, the company's growth almost doubled annually, and they also set up Petron Civil.

Today, they are "one of the five best companies in India," says K. Ohbayashi, general manager, Toyo Engineering India Ltd, which has subcontracted Petron for a number of projects like the construction of a mono ethylene glycol plant for Indian Glycols, and a di ammonium phosphate (DAP) plant for Mangalore Fertilisers.

Impressive inventory

Petron has made a conscious attempt to "provide the entire range of services for industrial construction on a semi-turnkey basis," says Chuckerbutty. While the company is not shy of providing only manpower services when required, they have over the years built up an impressive inventory of construction equipment, which gives them an edge over other companies for the more equipment they possess, the less a client has to provide. However, they have still to catch up with a company like ECC, when it comes to infrastructure.

Maintaining a competitive price is also responsible for Petron's list of successful tenders. "They have lower overheads and so they can bid lower," say sources at ECC. Ambekar agrees that initially they had an advantage in lower overheads, but now smaller companies with lower overheads are undercutting them. But the directors have come up with innovative ways to secure contracts. In order to keep transportation and octroi costs down, they cart raw materials and fabricate on the site instead of carrying prefabricated parts. When they bid for IPCL's MGCC ethylene cracker plant project at Nagothane, where they subsequently built five crackers, they threw in a proposal to construct and maintain a motel for IPCL's foreign consultants. They not only got the contract but also valuable experience in the hotel business.

Urea reactor, Kanpur: the Gulf boom set the company on its feet

The group of professionals the three directors have brought together contribute greatly to the company's success. Most of their management team is drawn from an 'old boy network' — people they have worked with in the past, in some cases for over 30 years. This makes for an atmosphere of trust within the team. As Dipak Mitra, director, Petron Civil, explains, "I started my career as a trainee under Ambekar in Bridge and Roof." In a canny move, Nair, Chuckerbutty and Ambekar have made senior employees of Petron Engineering directors in the subsidiary companies and distributed shares among them. As a result, the independent managements of these companies also have a stake in the companies.

Ambekar, Nair and Chuckerbutty frequently interchange responsibilities. Functioning out of interconnected cabins in their plush headquarters at Bombay, each has his own clientele with whom they are in rapport. " We made it mainly because we were together to share the ups and downs," says Ambekar. The benefits of their open door management policy filters down to the company's employees. S.K. Banerji, an engineer says, "Unlike in other companies, here I can take decisions on my own or get one from the necessary person without delay."

Chuckerbutty repeatedly stresses the importance of scheduling. One of his favourite projects remains a contract with IPCL for a linear alkyl benzene (LAB) heater, which Petron fabricated and erected ahead of schedule. Any kind of delay in the scheduling of projects eats heavily into the profit margins of the contractor, even if they are due to outside causes and the contractor is compensated for it.

Further diversification

Sources at BPCL, for whom Petron completed the construction of a secondary processing plant and fabrication of a flare stack for their Bombay refinery, ahead of schedule, rates their performance as "fairly good".

A 'fairly good' rating, however, is not enough for the three entrepreneurs. With sufficient standing in the field of industrial construction, they are now looking at further diversification possibilities. Already manufacturing EOT cranes in their factory at Baroda, Petron is planning to manufacture insulation material and have already signed an MOU with a Finnish firm . And "with the competition getting fiercer all the time", as Ambekar says, they are now cautiously looking into areas other than construction. Plans are afoot for opening a resort at Nagothane, near Alibagh, after their contract with IPCL is through. A shrimp farm for export is also in the offing.

With such ambitious plans, Petron is considering tapping the capital markets for funds. Although Ambekar, Nair and Chuckerbutty prefer the freedom of functioning within their closely held company and are apprehensive of outsider control, Ambekar admits that, "to grow further we have to consider that alternative". For "salaried people with not much business sense", as they describe themselves, this trio's baby, which is now going public, has already come of age.

■

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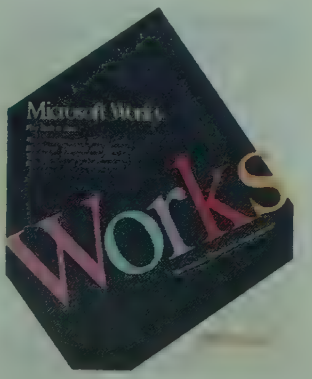

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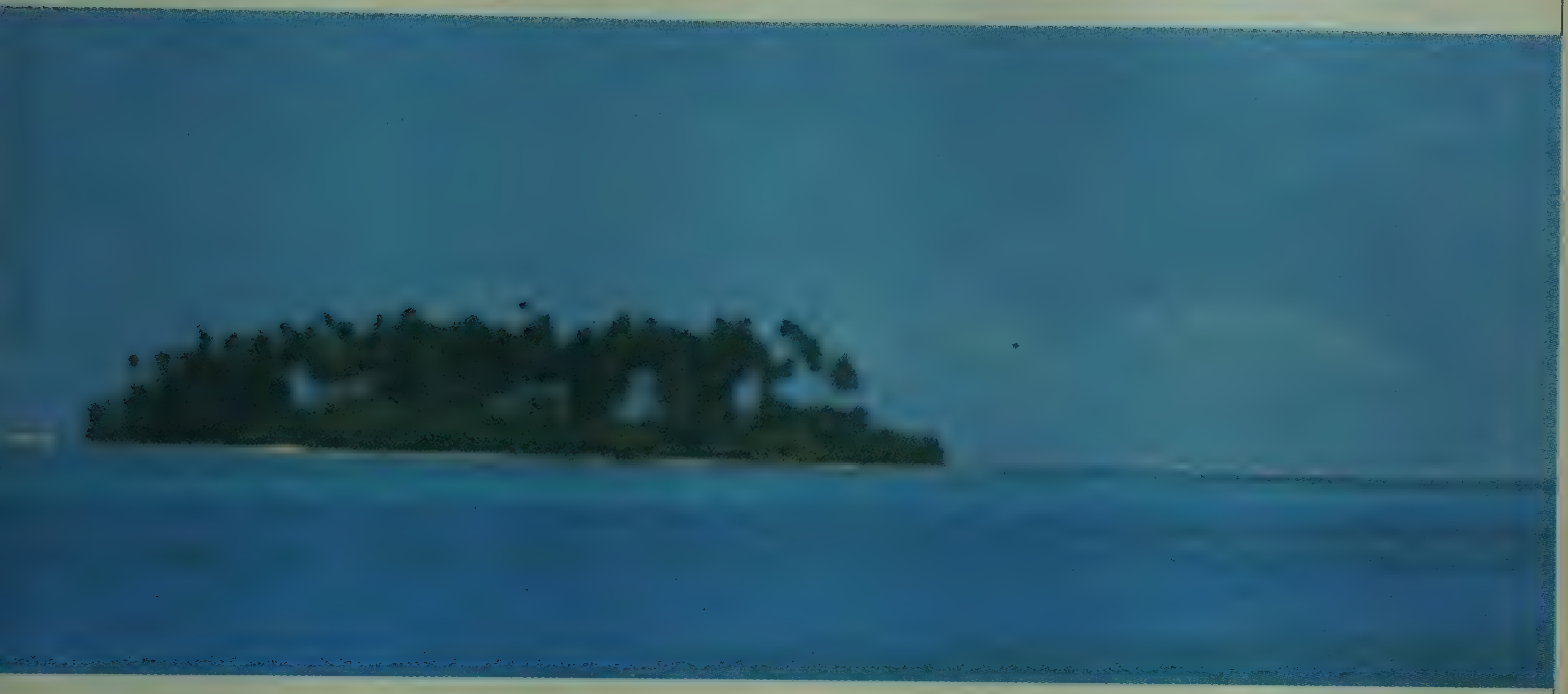

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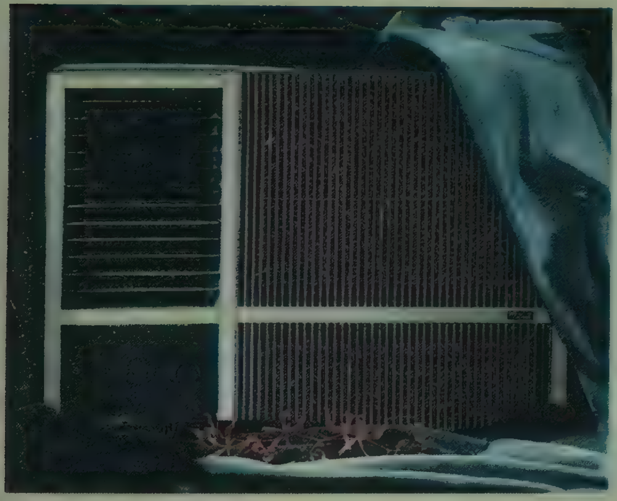

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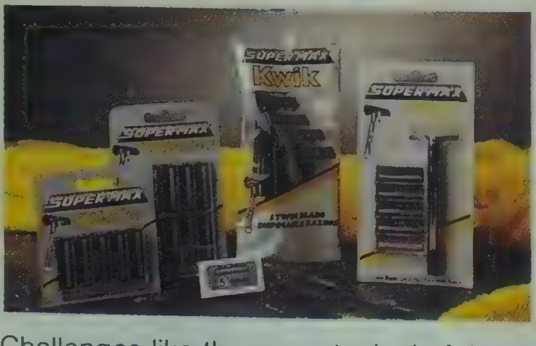

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Going East, young man?

When Karl Otto Poehl, president of the Bundesbank, was asked to comment on the rapidly unfolding situation in Eastern Europe, he said "If capital is not allowed to come to the people, the people will come to the capital." Through their insistence on personal and economic freedom, more than a 100 million people in Eastern Europe have made it possible for capital to indeed come to them and Western businessmen seem as eager to deliver the capital as the newly liberated countries of the East Bloc are to employ it.

For the past six months, hordes of corporate executives, bankers, investment bankers, lawyers and consultants have come seeking viable investment opportunities east of the Elbe. Overseas Private Investment Corporation, a Washington DC-based agency that provides political risk insurance, has processed insurance requests for investments totalling $1.5 billion so far this year, up from $500 million in 1989 and nil in 1988. Is this then part of a well mapped out strategy or is it a case of crossed fingers?

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Both German flags at a rally: towards a unified Germany, the largest market in Europe

The early settlers

Western capitalists have been doing business behind the Iron Curtain since the early days of detente, but the size and pace of investment has quickened through most of the late eighties. Even this is a mere trickle compared to the flood of deals announced since the Berlin Wall came down in November last year.

Fiat, which has been licensing technology to Poland since the twenties, has announced an agreement with Poland's state-owned car company to build 50,000 small cars, for export to Western Europe. Pepsico, which has been swapping soft drinks for Stolichnaya vodka since 1972, has announced a $3 billion countertrade agreement with the Soviet Union. And last November, GE announced the purchase of 50 per cent of Tungsram, a Hungarian state-owned light bulb manufacturer, for $150 million. While GE's investment is the largest so far in Eastern Europe, it will not be so, for long. West German car makers, in particular, have been quick to plunge into East Germany, their motive being to get a lock on potentially the largest market in Europe, a unified Germany. Some other US names include General Motors, Dow Chemical, Kodak and Xerox.

But, all the extraordinary developments of the last six months, the East Bloc countries, except East Germany, are politically fragile. Thus, prospective investors in the East Bloc face a multitude of uncertainties. Apart from relatively simple issues such as currency convertibility, the transition from a command to a market-based economy will be a very disruptive one. Also, enthusiasm about inexpensive East Bloc labour is tempered by problems of supply and quality. And the prolonged economic hardship may ultimately spawn political opposition to economic reform.

Businessmen must also cope with a legal system that is only just beginning to recognise such basic concepts as private property and enforceable contracts. Moreover, four decades of black market commerce and different business ethics is not about to change in a hurry.

It's unlikely that doing business in the East Bloc will, at least for the next several years, be the same as doing business in Western Europe. State-oriented philosophy will remain in the psyche and the legal system for some time to come. The evolution of capitalism will be a slow and agonising process. For many nations, where almost no production is in private hands and the principal buyer is the Soviet Union, it is unclear as to what kind of market economy each of them will adopt. Only with East Germany is the situation clear — it will cease to exist.

Another factor, albeit small as yet, is Japanese investment. Rumours that Toyota will invest in Czechoslovakia raised hopes of a flood of Japanese capital, but nothing could be further from the truth. The Japanese seem more interested in gathering information on the region than investing in it. Even a pledge by the Japanese government of $2 billion in aid to Poland and Hungary has done nothing to entice Japanese business.

Japan's reluctance

There are reasons for the apparent unwillingness of the Japanese to invest in the East Bloc. An enormous gulf in knowledge and experience separates Japan and East Europe. In terms of communication, the Japanese are hampered by limited contacts as compared to their American and European counterparts. Besides, Japanese bankers don't see the need to tread unfamiliar ground, and are still sore about the government guarantees that enticed them into lending to Latin America. Again, to the Japanese, developing Asia-Pacific economies — India, China, Australia, etc — are infinitely more attractive than the prospects of a slowly developing Eastern Europe.

Although East European economies have a pent-up demand for consumer durables, investors and lenders are reminded of a similar opportunity that arose in the sixties and seventies in Latin America. While drawing parallels would be inaccurate, the pitfalls of hurried investment remain. In addition, stability has not yet been established. Looking for a quick return will almost certainly result in disappointment but using industrial and marketing excellence, over a period, will offer a better chance for success. ■

TARUN KATARIA

The author is a merchant banker with Chase Manhattan in New York

MAKRANA MARBLE

The fading sheen

Although it is the largest and richest marble producing centre in India, Makrana itself presents a picture of neglect and stagnation

The dusty, pot-holed entrance to Makrana in Rajasthan belies the fact that this sequestered town is not only the largest and oldest marble producing centre in the country, but also rich beyond imagination. What catches the visitor's eye is the jumble of hundreds of pulley cranes that line the open pits for as many miles as one can see.

Except for these black monsters that dot the landscape, it is the colour white that dominates in Makrana. For centuries now, the economy of this town and the life of its people (estimated population: 50,000) have revolved around the sparkle of the ubiquitous stone. It was from here that the marble for the famed Taj Mahal was quarried and carried all the way to Agra more than five hundred years ago. While, earlier, marble was the emperor's prerogative, today it is more widely available but, given its high cost, still the preserve of the wealthy. And Makrana retains its supreme position by supplying marble to all corners of the country.

Every day, an average of 120 trucks, each carrying a load of 10 tonnes of marble, leave Makrana. According to Ahmed Ali Chaudhary, director of Farooqueallys Marble, one of the largest producers and dealers of the stone, Makrana does a business of almost Rs.20 crore a month. Exports still remain insignificant, though Japan and the Gulf countries are markets that are being tapped.

Victim of neglect

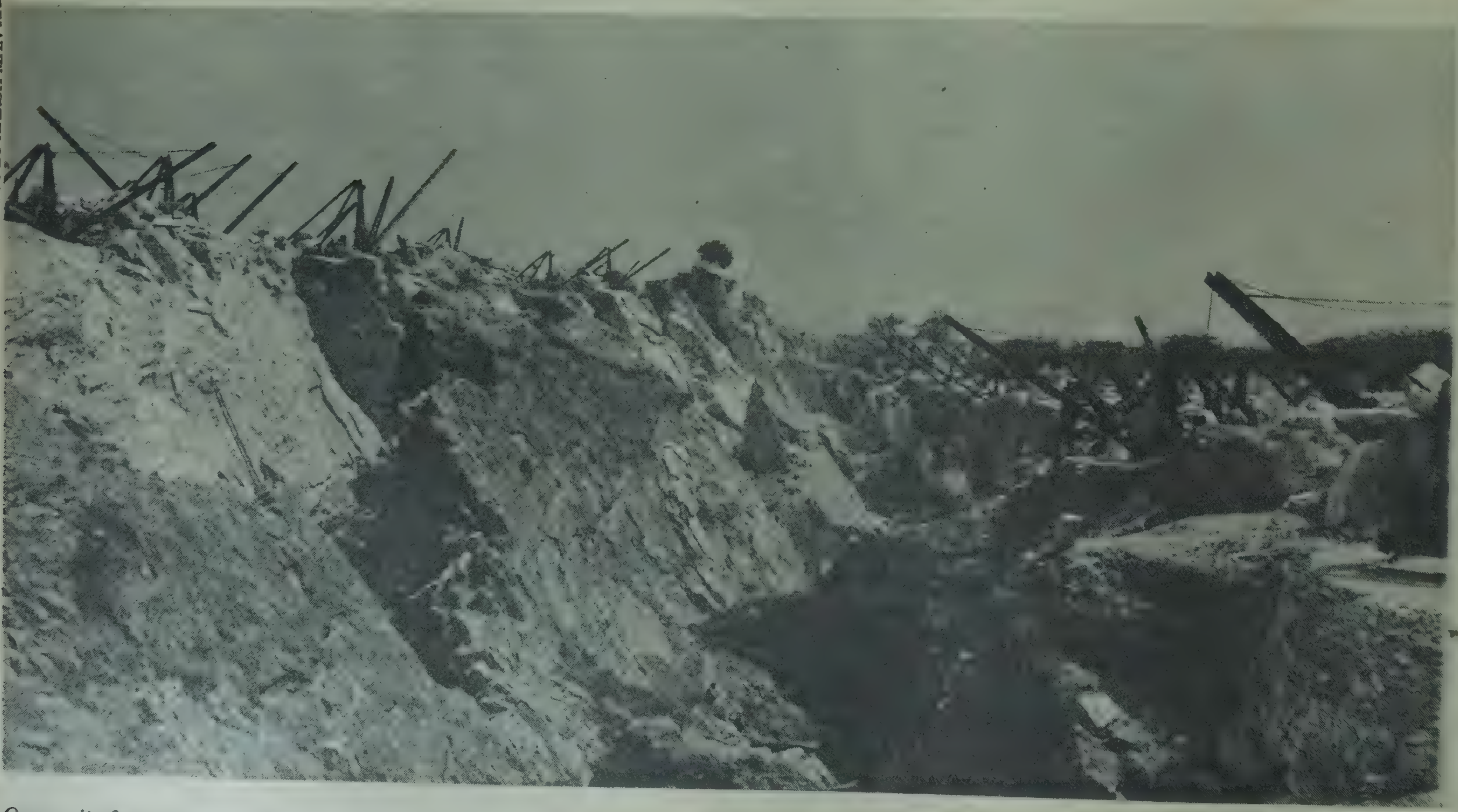
With its business so obviously thriving — increased construction activity has stepped up demand for the stone — it is ironical that the town itself has become a victim of neglect. There is ample evidence of stagnation and even decay. It is a bizarre town — with stark and dismal contradictions. While on the one hand is the immense wealth resultant from the existing supplies of marble, on the other is rampant ignorance and illiteracy.

Makrana is predominantly Muslim. Historically, the entire marble industry has been dominated by this particular community. Marriages among the local families have so far kept "outsiders" at bay. Over the decades, as the marble trade flowered, the local population somehow remained unenthused in terms of attitude towards change and modernisation, specially of quarrying techniques. And the lack of proper infrastructure and, lately, the communal riots in September last year have done their bit to fill the townsfolk's cup of misery.

The dingy, seedy homes house a frustrated population that lacks the basic amenities of life. There is just one school and no college, a hospital that has nothing to boast about but a few tattered beds, no roads and more important, no water — it is brought in tankers from neighbouring areas at Rs.60 per tanker. This is certainly a hardship to the populace and a major handicap to an industry which needs hundreds of gallons for its marble cutting operations.

It appears that the whole town is ready to collapse under the weight of its own marble reserves, as open cast quarries are dug in thousands in the backyards of houses. According to Hafiz Bhati, another

PHOTOS BY HARSH MAN RAI



Open pits from where marble is dug out: an array of pulley cranes loom over the quarry

quarry owner, in Makrana, marble can be found in six different veins that cut across the town extending over 10 km, and quarry workers keep digging the earth at points on these veins to extract the stone.

Primitive methods

And at the 2,000-odd pits, traditional quarrying methods are still in vogue since they are inexpensive — the workers are supposed to climb down the almost 200 feet deep pits using ropes. The stone in the quarries is cut into blocks by hand and the huge blocks are lifted out using ancient creaking pulley cranes.

But such is the appeal of this beautiful stone, that quarry operators are able to sell it at prices ranging from Rs.20/sq.ft for gray marble to Rs.200/sq.ft for the "immaculate white" which is dug out of the deepest pits — 300 ft. There are other beautiful shades and colours like white, pink and spotted marble which is believed to be the best in the world. The marble retains its high polish for a long time as evidenced by the sheen on some of our ancient monuments. Makrana still produces the best and hardest marble in the country.

The man-machine equation is rather primitive

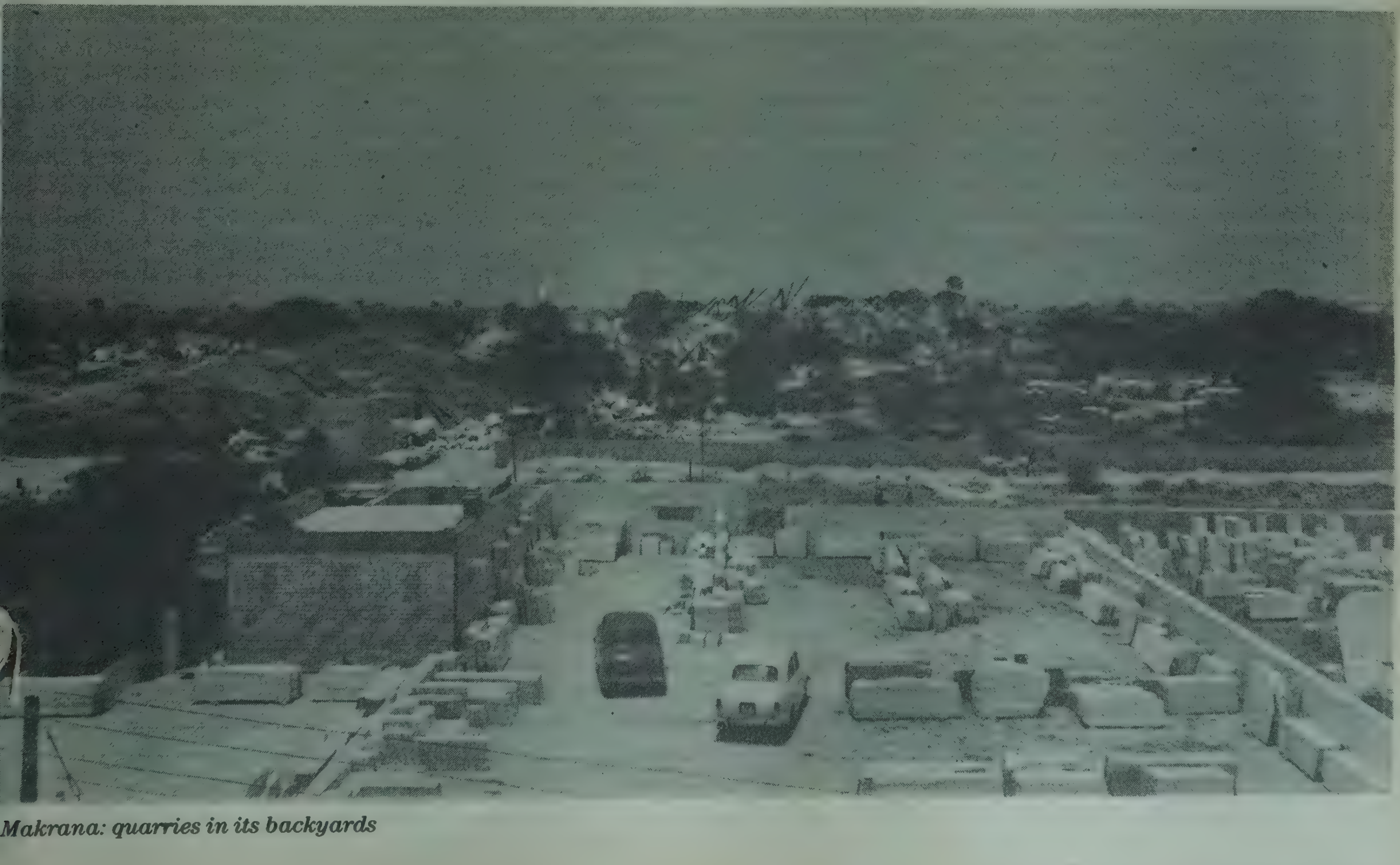
Since the beginning of this decade, yet another dimension has been added to the marble trade — that of cutting and polishing of the stone. Prior to 1975, marble blocks were cut using conventional gangsaws, a process which took days to get the marble slabs ready. Later, electrically operated steel saws were introduced which were followed by diamond impregnated steel saws, initially imported from West Germany. The latter changed the face of the entire marble industry.

Since 1982, hundreds of small and medium marble cutting units have come up across Rajasthan. But, unfortunately, Makrana, as always, has been slow in reacting to the changing times and technology. With just 10 modern gangsaws, it compares poorly with other places like Udaipur, Nathdwara, Rajgarh, Kankroli and Abu Road, which have virtually hundreds of such gangsaws. The conventional gangsaws however, number around 50 or so, according to Ahmed Ali Chaudhary, himself the owner of one.

In Kota, where marble doesn't even exist, marble cutting units are doing good business. Surya Gupta, an entrepreneur with interests in specialty chemicals, recently set up one here at a cost of Rs.60 lakh because he finds the business highly lucrative. "I am not doing jobwork like many others but buy the blocks, cut them and sell them in Bombay and Delhi."

Waning interest

As more and more marble bearing land is being discovered in other parts of Rajasthan, the focus in the last few years has been shifting away from Makrana. Udaipur, Sirohi and Chittorgarh districts are now marble producing centres to be



Makrana: quarries in its backyards

reckoned with. As it happens, most of the mines in Makrana are not directly operated by their owners, but by contractors. The closed-door attitude of Makrana's mining community does not permit these so-called contractors to actually own mines. Consequently, when the state's department of mines began locating other marble-rich areas, there was a virtual exodus with many of these contractors leasing the land and starting their own operations. This, says M.K. Sardana, manager (mines), Rajasthan State Industrial Development and Investment Corporation (RIICO), has been another reason for the waning interest in Makrana.

Though business has not actually declined, the closely held family outfits operating in Makrana have now to contend with this new competitive element. But Sardana points out that "Makrana has got bogged down due to its own problems". And these are peculiar and intrinsic to this place.

Makrana's plight is highlighted by its rampant illiteracy. While most of the rich quarry owners possess Marutis and Mahindra jeeps, they can barely sign their names. They did not see any need for education since all of them entered the trade at an early age. Besides, adequate facilities have never existed. Lack of education and their reluctance to move out of Makrana has resulted in their leading an insular existence with minimum outside exposure. As a consequence, Makrana's marble quarry owners have allowed opportunities to slide past and the initiative has been seized by quarry operators in other parts of the state.

The other major plight of this town is the relentless degradation of its environment caused by centuries of indiscriminate digging. As quarry workers go deeper into the earth's crust, Makrana finds itself covered by layers of excavated sand, now amounting to millions of tonnes. Mushtaq Ali, one of the operators whose family has been active in Makrana for the last 10 generations, says that the road level has been increasing every year. "What was a door leading to the road today resembles a window," he says.

Harmful powder

Moreover, with marble processing units (cutting and polishing) coming into Makrana too, the problem of the accumulating marble powder, a useless residue, has also cropped up. This porous, white powder is what people breathe in and live with. Another acute problem is that of water logging. Since the quarries are now extremely deep, during the rains mining operations virtually come to a halt as water fills the pits. Even otherwise, Chaudhary points out that the deeper quarries, especially those containing the "immaculate white" marble, are filled with waist-deep water.

Loading a marble block on a trolley for cutting (left) and water treatment before cutting begins

Like the marble trade, the labour scenario in Makrana too has its own distinct character. According to Hidayatullah, a contractor working the quarries, most of

A block of marble: chiselling goes on. A proper shape is given to blocks before cutting the quarry workers themselves come from surrounding areas. He puts their number at about 40,000. Other than these, labourers also work in the marble cutting units, mostly as loaders to put the blocks on the cutting machines. In the case of quarry workers, no daily wage system is followed.

Since quarrying is a labour-intensive activity, the workers are much in demand and can often dictate their terms for wages. And they have good reason to do so. According to Hidayatullah, "It is dangerous working these quarries since the methods employed are primitive". Many lives are lost during quarrying operations, due to earth slides and rubble collapsing after blasting work. Getting into the quarries is an acrobatic feat by itself since the workers dangle by ropes looking for footholds on the precipice-like quarry shafts. Most quarry workers, therefore, insist on an advance payment which can go up to as much as Rs.5,000. But as yet, never has Makrana faced any labour trouble.

In recent times, the spectre of communal tension has been looming. Last year, for the first time in its history, the town witnessed large-scale communal riots. These had a severe impact on business — the locals estimate that losses ran into several crores as all activity came to a halt. It took almost two months to restore a semblance of normalcy in Makrana. Privately, residents admit that it is still a 'semblance', ie, quite superficial and susceptible to the slightest of provocations.

The lone ranger: atop a pile of marble blocks

Strangely enough, even while the state government is going all out to develop the other marble producing centres, Makrana somehow escapes its attention. Today Makrana exists by default. Only because there prevails a deep sense of loyalty to the famed marble. The credit therefore goes to the quality of the stone mined there. Though large reserves have been traced in Udaipur and Chittorgarh districts, few will disagree with the fact that even today the best marble comes from Makrana.

If only some attention is paid by the government to developing the infrastructure and educating the local population, Makrana can go on producing the best marble for a few more decades. Its reserves are estimated at 55.8 million tonnes. Therefore, it is nature's bounty that keeps this shattered town going.

■ RAHUL SHARMA

Tribeni Tissues

Good performance; better capacity utilisation; steps up dividend; margins improve

The easing of controls on the paper industry over the past couple of years has had a beneficial impact on the performance of all the units in the industry. Tribeni Tissues, the Calcutta based unit, belonging to the BAT group (which also has a controlling interest in ITC and Bhadrachalam Paper) has been no exception.

The company which manufactures specialty papers used in the packaging industry has recorded an all round growth in production, sales and profitability during the year ended March 1990.

As against the installed capacity for pulp at 11,000 tonnes per annum (tpa) the company produced 17,013 tonnes of paper indicating a rise of about 20 per cent over the record production achieved in the previous period (annualised). While volume wise sales went up by just 17 per cent, sales in terms of value rose by an impressive 41 per cent. Higher volumes coupled with better price realisation led to a significant improvement in the profitability of the company. The profit margins at gross level improved to 12 from 9.8 per cent while at net level it has almost doubled at 8.1 per cent (4.1 per cent).

Tribeni Tissues *(Rs.crore)*

Period	31 Mar '90	31 Mar '89 (15 months)	% change (annualised)
Net sales	58.92	51.23	44
Other income	0.12	0.05	3
Raw material costs	25.70	21.13	52
Employees cost	7.17	8.05	11
Other expenses	17.20	15.18	42
Interest	1.92	1.92	-
Gross profit	7.05	5.00	76
Depreciation	1.34	1.56	7
Taxation	0.93	1.37	15
Profit after tax	4.78	2.07	188
Equity capital	7.95	7.95	
Reserves & surplus	10.38	7.99	
Gross block	34.07	27.93	
Dividend (%)	30.00	22.5	
GP/sales (%)	12.0	9.8	
Market price (Rs.)			
Current:	89.50		
1990: High	96.00		
Low	34.00		

The improved product mix was attributed as another factor leading to better profit margins. The company also benefitted from the declining trends in the value of imported pulp, contrary to the continuous escalation of the earlier years. The thrust on using jute as an alternate material for imported pulp also paid dividends.

With no significant rise in the depreciation and taxation charges the net profit for the year has shot up by more than 3 times. Consequently the average earnings per share works out to Rs.6.01 as against Rs.2.08 in the previous period. Enthused by this sterling performance there is a proposal to step up the dividend to 30 per cent from 22.5 paid in the earlier year. The reserves as at the end of 31 March 1990 stood at Rs.10.38 crore as against the equity base of Rs.7.95 crore.

Capacity utilisation during the last quarter has been in excess of 140 per cent. Further, the company has successfully overcome bottlenecks in its operations and is "now poised for further growth". The enhancement of capacity expansion is also on the anvil.

Hindalco

Best year for the company; bonus combined with dividend; sixth potline commissioned; diversification plans take shape

The year ended March 1990 will probably go down as the most memorable for Hindalco Industries. The company has surpassed all previous production levels, achieved peak sales figures, and also recorded tremendous profits during the year.

Shareholders too have been rewarded with a handsome dividend of 37.5 per cent besides being gifted with bonus shares in the ratio of 3:5. The production of aluminium metal during the year stood at 130,787 tonnes, higher than 126,226 tonnes, produced during the past 15-month period. The production of wire rods and aluminium semis was also higher. Sales of Rs.608 crore (inclusive of excise) was another record. The consumption of aluminium particularly in transport, building construction and packaging sectors contributed to a higher sales volume.

Higher capacity utilisation, increased production and sales and this is reflected in improved profitability. Gross profit has shown a threefold rise at Rs.104.06 crore on an annualised basis. The post tax profit of Rs.64.41 crore gives an average earning of Rs.36.08 per share which compares with Rs.5.65 earned in the previous year. The growth in cash profit per share is even better at Rs.42.21 as against Rs.13.77.

During the year the company has commissioned a sixth potline with the addition of 76 pot cells. This has increased production capacity to 1.35 lakh tonnes. The corresponding alumina capacity has also been added, as also one indigenous cold rolling mill. An application for increasing the smelting production capacity by one lakh tonnes is pending with the government. According to industry spokesmen, the capacity existing in the industry is sufficient to meet the country's demand fully. However, if additional capacity is not built up shortly there is likelihood of a chronic shortage.

Hindalco *(Rs.crore)*

Period	Apr-Mar '90	Jan '88- Mar '89	% change (annualised)
Sales	465.40	422.25	38
Other income	12.72	14.42	10
Excise duty	142.67	93.19	91
Raw material costs	148.15	150.33	23
Employees cost	35.92	31.22	44
Interest	16.79	14.55	44
Gross profit	104.06	52.12	150
Depreciation	10.95	11.35	14
Taxation	28.70	12.60	185
Profit after tax	64.41	28.17	178
Equity capital	17.85	17.85	
Preference capital	5.00	5.00	
Reserves	200.47	162.39	
Revaluation reserves	66.06	84.94	
Dividend (%)	37.50		
Net block	197.09	176.70	
GP/sales (%)	22.4	12.3	
Market price (Rs.)			
Current:	275.00		
1990: High	327.00		
Low	155.00		

The company's diversification plans includes the setting up of a 1.5 lakh tonne steel plant for the production of hot rolled plates. The total investments of the company during the year has mounted to Rs.87.83 crore from Rs.32.49. The bulk of this is due to massive investments of Rs.47 crore made with the Unit Trust of

India. The total borrowings aggregated Rs.214 crore which is nearly 100 per cent higher than the previous years account. The current price of Rs.285 (cum-bonus) discounts the earnings per share by a meagre eight times only.

ITC

Foreign Exchange earnings up; better margins; surplus funds invested in UTI units; excise cases pending; new hotels planned

ITC, India's largest cigarette manufacturing unit will soon be known as the largest exporter in the corporate sector. For the year ended March 1990 the total foreign exchange earned by the company grossed Rs.146 crore — nearly 95 per cent higher than earnings during the previous nine-month period. Chief exports included agri products, tobacco, computer software and earnings from hotels. Of these the thrust was on agri products which fetched Rs.34.57 crore, as against Rs.3.82 crore, in the previous period. Tobacco and Tobacco products fetched Rs.42.66 crore. Total exports as a percentage of net sales (sales less excise) works out to nearly 22 per cent.

ITC *(Rs. crore)*

Period	Apr '89-Mar '90	Jun-Mar '89 (9 months)	% change (annualised)
Gross sales	1807.56	1058.65	28
Other income	19.74	8.99	65
Excise duty	1150.42	685.97	26
Raw material costs	336.69	185.37	36
Employees cost	64.71	38.14	27
Interest	26.47	14.94	33
Gross profit	98.93	53.00	40
Depreciation	8.31	5.79	8
Taxation	38.00	18.01	58
Profit after tax	52.62	29.20	35
Equity capital	66.34	33.17	
Reserves & surplus	152.27	192.64	
Gross block	279.06	255.67	
Dividend (%)	37.50	40.00	
Market price (Rs.)			
Current:	78.00		
1990: High	130.00		
Low	40.00		

Apart from exports the company has done extremely well in the domestic market too. Total cigarette sales improved markedly to Rs.1,544.98 crore from Rs.942.80 crore reflecting a rise of more than 23 per cent on an annualised basis. Cigarettes and tobacco sales accounted for 90 per cent of the turnover. Agri products fetched Rs.50 crore (previous period Rs.6.41 crore) while income from services and hotel receipts fetched Rs.73.40 crore as against Rs.51.82 crore. Marine product sales aggregated Rs.23.16 crore which is nearly three times higher than in the previous period.

While income from sales reflects a rise of only 28 per cent, gross profit has jumped by nearly 40 per cent (annualised). This indicates better margins. Gross profit in relation to net sales has gone up to 15 per cent from 14.2 per cent. The margins would have been still better but for the sharp rise in raw material costs. The rise in interest charges seems largely due to the enhanced level of short term borrowings effected during the year. This is because total borrowings, at the end of the year, went up by just 10.8 per cent to Rs.188.40 crore. Inventories at the end of the year are valued at Rs.190.97 crore (Rs.154.34 crore), while sundry debtors totalled Rs.60.34 more (Rs.36.24 crore).

The post tax profit as a ratio of net worth works out to 24.0 per cent which is much above the 15.1 per cent of 1988-89. Return on the total funds deployed in business is 12.9 per cent as against 8.1 per cent. In other words for every Rs.100 deployed in business, ITC has effectively generated a post tax return of Rs.12.9 which is much above the Rs.8.10 earned in the previous year.

The average earnings per share on the capital expanded by the issue of bonus shares in the ratio of 1:1 is Rs.7.90 which compares favourably with Rs.11.73 earned in the previous period (annualised) on the pre-bonus capital.

Total investments at the end of the year stood at Rs.50.28 crore as against Rs.10.23 crore, with the company having deployed most of its surplus funds in units with Unit Trust.

Pending excise cases involving duty payments of over Rs.800 crore have been assigned by the Supreme Court to the Collector of Central Excise, Delhi for adjudication. Hearings are now pending. Meanwhile the company is hopeful of being accorded a "star trading house" status in the coming years, as its average exports during the past three years has almost equalled Rs.75 crore. The company also proposes to expand room capacity at its hotels in Bangalore and Agra. Also, a new 220-room hotel is being planned for Jaipur.

TRENDS

C.P. Tool

Chicago Pneumatic of the US, which had a 40 per cent stake in the equity of Consolidated Pneumatic Tool (C.P.Tool) was taken over by Atlas Copco AB of Sweden in 1987. This made CP Tool part of the Atlas Copco group. Despite this connection, CP Tools continues to be independent of Atlas Copco (India), the Swedish group's Indian associate.

During the recent six months under review, the company's net sales declined by a meagre 3 per cent as compared to the corresponding period last year. This would have been 12 per cent higher, but for the non availability of shipment facility which was responsible for the delay in despatch of exports worth Rs.2.5 crore.

The pneumatic tool industry is very competitive. Last year, paucity of government expenditure on mining and construction, especially in the water well development sector, together with fierce competition among manufacturers has led to undercutting of margins. CP Tool's margins at gross level have fallen by almost 2 points to 6.8 per cent (8.6 per cent), while at net level it stands at 2.82 per cent (4.25 per cent).

Meanwhile, the company is finalising the funding pattern for its 100 per cent export oriented unit to manufacture 4,000 pneumatic tools per annum The

C.P. Tool

Period	Oct '89-Mar '90	Oct '88-Mar '89	Jan '88-Mar '89
Net sales	16.68	17.17	36.05
Other income	0.64	0.64	1.48
Total income	17.32	17.81	37.53
Raw materials cost	8.21	8.81	18.13
Salary & wages	3.45	3.40	7.82
Operating profit	2.17	2.53	4.74
Interest	1.03	1.05	2.37
Gross profit	1.14	1.48	2.37
Depreciation	0.53	0.51	1.22
Tax	0.14	0.24	0.28
Net profit	0.47	0.73	0.87
OP/sales (%)	13.00	14.73	13.15
RM/sales (%)	49.22	51.31	50.29

entire production will be purchased by principals abroad — Chicago Pneumatic.

Adarsh Chemicals & Fertilisers

Adarsh Chemicals & Fertilisers (ACF) has suffered a setback in the second half ended March 1990. Nevertheless, the full year's unaudited results are a shade better than the previous year's.

ACF, 31 years old and a pioneer in the country for the manufacture of maleic anhydride (MAN), also manufactures single superphosphate (SSP) fertiliser under the brand name 'OX', besides sulphuric acid and oleum. Apparently, ACF is the largest producer of MAN in the country.

During the six months under review, the company has felt tremendous pressure on the profit margins. While at gross levels, the margins have dwindled to 9 per cent (23 per cent), it has fallen to 6 per cent (11 per cent) at net levels. Even the ratio of the cost of raw materials to sales has moved up by almost 10 points. Despite this setback, the unaudited net profit for the full year shows a 26 per cent jump at Rs.20.34 crore.

Adarsh Chemicals & Fertilisers

Period	Oct '89-Mar '90	Oct '88-Mar '89	Apr '88-Mar '89
Net sales	10.64	11.23	18.53
Other income	0.16	0.02	0.08
Total income	10.80	11.25	18.61
Raw materials cost	6.22	5.39	8.86
Salary & wages	0.75	0.89	1.45
Operating profit	1.20	2.86	3.28
Interest	0.35	0.24	0.47
Gross profit	0.95	2.62	2.81
Depreciation	0.24	0.23	0.45
Tax		1.15	1.24
Net profit	0.71	1.24	1.08
OP/sales (%)	11.28	25.46	17.70
RM/sales (%)	58.46	47.99	47.81

Recently, the company has made a rights issue to part finance a new plant at a cost outlay of Rs.16.97 crore to manufacture 7,200 tpa of MAN under licence and technical collaboration with Scientific Design, USA. It would be worth noting that ACF's project cost compares favourably at Rs.23,569 per metric tonne (pmt) against Rs.52,667 pmt and Rs.25,000 pmt by the other two new companies with similar projects.

Ballarpur Industries

Ballarpur Industries, the well diversified conglomerate of the Thapar group has shown excellent results. While sales at Rs.290.08 crore reflect a rise of just 11 per cent, on a comparable basis operating profit has shot up by more than 40 per cent and exceeds the profit earned in the previous accounting period of 9 months. The rise in gross profit is even more impressive at 65 per cent compared to the corresponding period of 3 months.

The increase in net profit can be gauged from the fact that profit earned during the period is more than 41 per cent of the total profit earned during the entire previous year (annualised).

The average earnings per share (EPS), on an annualised basis works out to Rs.22.70 even on the capital expanded by the issue of bonus shares made in the ratio of 1:2. The current price of Rs.170 discounts the EPS by a mere 7.5 times as against the industry's average of well over 19 times.

Ballarpur Industries *(Rs crore)*

Period	Oct 89-Mar 90	Jan 89-Mar 89	July 88-Mar 89
Net sales	290.08	130.45	364.34
Other income	12.72	4.17	8.22
Total income	302.80	134.62	372.56
Raw material costs	67.21	26.27	83.61
Wages & other assets	190.51	92.24	245.52
Operating profit	45.09	16.12	43.43
Interest	10.96	5.76	15.38
Gross profit	34.13	10.36	28.05
Depreciation	9.28	4.12	14.05
Taxation	1.00	0.98	2.35
Net profit	23.85	5.25	11.65
GP/sales (%)	11.8	7.9	7.7
RM/sales (%)	23.2	20.1	22.9

Advani Oerlikon

Advani Oerlikon, managed by a low profile group has announced moderately improved results for the second half ended March 1990.

On a 27 per cent rise in net turnover, operating profits registered a marginal 12 per cent growth, primarily due to a sharp 40 per cent increase in raw materials costs which the company was unable to keep under control. Further an 84 per cent rise in tax provision has resulted in the net profit being maintained at around the same levels as shown in the corresponding period.

Advani Oerlikon

Period	Oct '89-Mar '90	Oct '88-Mar '89	Oct '87-Mar '89
Net sales	57.57	45.39	122.01
Other income	0.68	1.03	1.80
Total income	58.25	46.42	123.81
Raw materials cost	25.70	18.41	49.44
Salary & wages	5.99	5.82	17.61
Other expenses	22.61	18.65	47.75
Operating profit	3.95	3.54	9.01
Interest	1.81	1.67	4.47
Gross profit	2.14	1.87	4.54
Depreciation	0.77	0.91	2.53
Tax	0.83	0.45	1.20
Net profit	0.54	0.51	0.81
OP/sales (%)	9.46	7.62	7.27
RM/sales (%)	44.10	39.65	39.93

A noteworthy fact is that the company is a high tax payer with its tax rate for the 18-month period being about 60 per cent. For the current six-month period, the tax rate has moved up to 61 per cent from 47 per cent in the previous corresponding period. The recent budget ammendment of reduction in corporate taxes, with effect from April 1991, ought to bring down the tax rate considerably, thus enhancing its bottomline.

KEC International

KEC International, an R.P. Goenka group company has posted slightly better working results for the second half ended March 1990.

Despite a 17 per cent drop in net sales at Rs.49.58 crore (Rs.59.64 crore), gross

KEC International

Period	Oct '89-Mar '90	Oct '88-Mar '89	Oct '87-Mar '89
Net sales	49.58	59.64	137.72
Other income	2.86	3.39	11.23
Total income	52.44	63.03	148.95
Raw materials cost	28.68	32.06	71.19
Salary & wages	8.11	8.62	24.08
Operating profit	6.13	6.17	14.78
Interest	3.09	3.22	8.47
Gross profit	3.04	2.95	6.31
Depreciation	0.58	0.67	1.92
Tax	0.65	0.52	1.60
Net profit	1.81	1.76	2.79
OP/sales (%)	12.36	10.34	10.73
RM/sales (%)	54.60	50.86	47.80

profits are slightly higher at Rs.3.04 crore (Rs.2.95 crore) showing a marginal rise of 3 per cent. Operating profitability levels have also shown a rise from 10.34 to 12.36 per cent chiefly due to reduced raw material costs. The other contributory factors were that other cost overheads like wages and interest rates were more or less maintained at previous levels.

According to unaudited figures for the full year ending March 1990, the net profit works out to Rs.2.83 crore showing a rise of 52 per cent on an annualised basis. Meanwhile, the book value of the company will be further enhanced from its present level of Rs.52 which looks relatively healthy when compared to the present market price of Rs.44.

Warren Tea

The tea industry continues to fare well. This is because companies having their own tea gardens are generally in a better position to capitalise on the boom conditions prevailing in the domestic market.

But Warren Tea, a FERA company, has surpassed its previous year's performance, which was a record by itself, by an even wider margin.

The gross profit of Rs.8.20 crore reflects a rise of 3.5 times — 360 per cent. However, being a FERA company, Warren Tea does not have readily available tax shelters. Consequently, it has wound up paying a whopping Rs.5.65 crore to the exchequer, by way of taxation in the second half of the year, compared to the meagre provision of Rs.10 lakh made in the corresponding half of the comparable period.

During the 12 month period the company has provided Rs.9.25 crore towards tax liability. In spite of the high incidence of tax, the net profit earned in 1989-90, at Rs.8.14 crore, indicates a rise of 80 per cent. The average earning per share, even on the expanded basis, following the issue of bonus shares in the ratio of 1:1 works out to Rs.10.44 as against Rs.11.67. The cash earnings per share is also better at Rs.25.80 from Rs.17.12.

Warren Tea *(Rs crore)*

Period	Oct 89-Mar 90	Oct 88-Mar 89	Apr 88-Mar 89
Net sales	30.57	22.16	39.15
Other income	0.47	0.91	1.07
Total income	31.04	23.07	40.22
Salary & wages	5.97	6.02	12.98
Interest	0.56	0.71	1.59
Gross profit	8.20	2.28	9.13
Depreciation	1.00	0.93	1.83
Taxation	5.65	0.10	2.75
Net profit	1.55	1.25	4.55
GP/sales (%)	26.8	10.3	40.7

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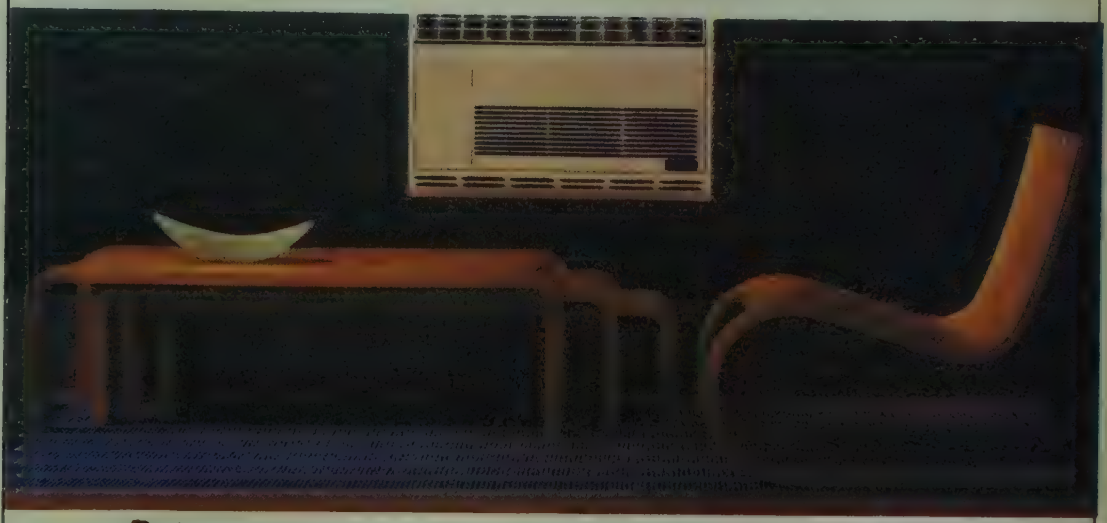

Did someone say, if you've seen one airconditioner you've seen them all?

everest/SH/18 A

Shriram Refrigeration Industries Ltd.
Hyderabad Tel 260103-106 **Delhi** Tel 5415371, 5431995 **Bombay** Tel 4370983, 4379476 **Calcutta** Tel 297800, 297633 **Madras** Tel 619383, 619360

RESULTS ANNOUNCED

Tata Oil Mills

Tata Oil Mills (TOMCO) has come out with improved results for the year ended March 1990, after a rather sluggish performance in the previous three years.

Net sales has shown a moderate rise of 18 per cent to Rs.339.50 crore (Rs.288.56 crore), with gross profits registering a massive jump of 112 per cent to Rs.10.55 crore from only Rs.4.98 crore in previous year. The bottomline has improved to Rs.5.36 crore against Rs.2.16 crore giving an earnings per share of Rs.16.52 against Rs.6.65 in the previous year.

Enthused by this good performance, a bonus in the ratio of 1:5 along with a dividend of 20 per cent has been proposed to its shareholders.

Meanwhile, the company has also decided to subdivide its present equity shares (face value Rs.25 each) into new shares of Rs.10 each. This is expected to improve their liquidity in the market. A rights convertible debenture issue aggregating to Rs.40.99 crore is also being offered to shareholders and employees of the company. The shareholders will get one debenture of Rs.200 each for every 5

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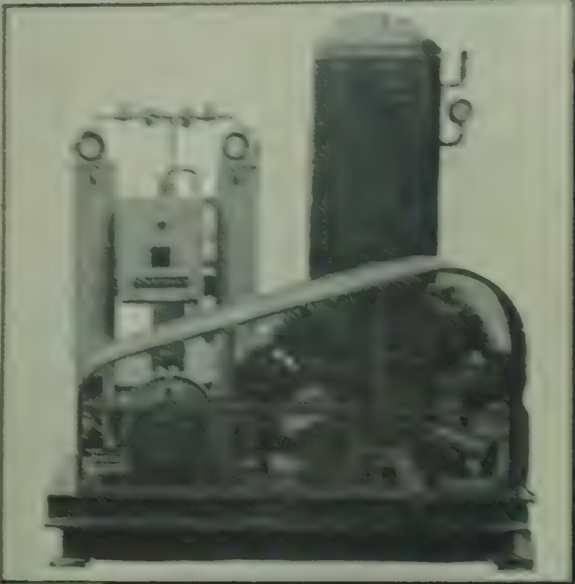

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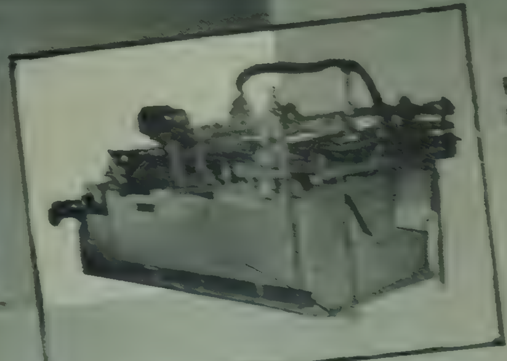

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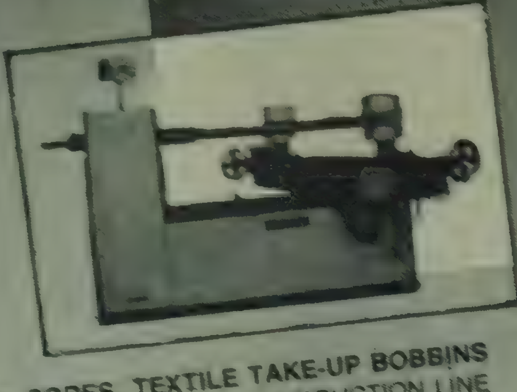

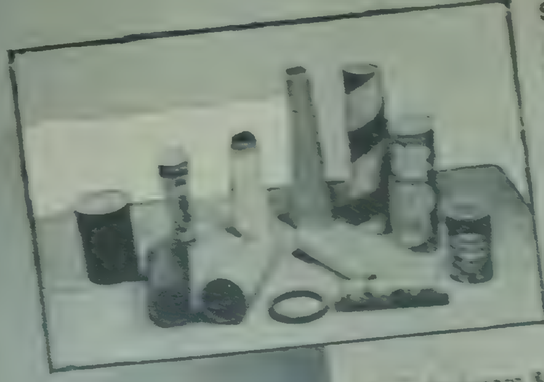

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ares held which will carry interest of .5 per cent per annum. The terms of nversion being that Rs.50 is to be first nverted into two equity shares of Rs.10 ch at a premium of Rs.15 each after six onths from the date of allotment.

Another Rs.100 to be converted into 3 uity shares of Rs.10 each within 12 onths at an undecided premium to be ced by CCI. The balance Rs.50 component would be the non-convertible porn which will be redeemed after eight ars.

)rkay Silk Mills

rkay Silk Mills has announced a positive rnaround in its recently announced re- ult for the year ended March 1990.

Based on unaudited figures, net turnver is reported to have increased by 13 er cent amounting to Rs.129.83 crore Rs.123.62 crore) with gross profits owing a big jump of over 100 per cent to .8.72 crore (Rs.3.86 crore). The reason r the enhanced profitability levels was e lower interest burden and better rices secured for the company's prodcts. The bottomline is once again in the lack at Rs.1.02 crore as against a loss of s.3.12 crore shown last year.

After the recent rights equity issue of hares, the equity capital of the company as increased to Rs.86.29 crore. Considerng the marginal net profit made this ear, dividend prospects for the current ear look bleak.

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IN BRIEF

odern Steels will be entering the capial market with an equity issue of Rs.10 ach at a premium of Rs.7 combined by a onus issue in the ratio of 1:1. This is the hird bonus issue in the last five years.

ukesh Steels, a Ludhiana-based comany plans for expansion by installing the econd induction furnace. The expansion s expected to commence by the end of une 1990.

oble Explochem, a sick unit has generted a surplus of Rs.1.26 crore against a eficit of Rs.77 lakh. With the BIFR rehailitation package round the corner, the nterest liability will be reduced signifiantly which will improve the company's uture years' performance.

urshant Motors engaged in the manufacturing of electric motor used in air conditioning and refrigeration industry plans to go public. The funds will be used to finance the company's expansion-cum-diversification plans which includes the manufacture of Fedders rotary hermetic compressors.

Elgi Finance listed on the Cochin Stock Exchange has posted a 66 per cent higher gross profit on an annualised basis at Rs.1.68 crore for the year ended 31 March 1990.

Pennar Steels has recommended a maiden dividend of 12 per cent with the sales up by 88 per cent. The first phase of the expansion of the company will be completed by the third quarter of 1990.

NICCO's major modernisation and expansion project involving a cost outlay of Rs.7 crore has resulted in the development of fluoropolymer and instrumentation cables.

Mothercare has posted a net profit of Rs.10.85 lakh on a sales of Rs.4.40 crore. In the earlier period, the company reported a loss of Rs.7.50 lakh.

Vinayaka Synthetics has acquired land at Tarapur for a proposed hi-tech processing house. This will be a vertical expansion for the company.

Industrial Credit & Development Syndicate, a hire purchase and leasing company of the Manipal group has declared a 25 per cent dividend.

Garware Plastics & Polyester has suffered a gross loss of Rs.5.87 crore for March 1990 in contrast to a profit of Rs.7.07 crore in the preceding year.

Bihar Sponge Iron which started commercial production in July 1989 has earned a gross profit of Rs.1.40 crore for the nine-month period ended March 1990. However, after providing for depreciation, there is a net loss of Rs.5.05 crore.

STOCKMARKET REVIEW

Marking time

(For the period 4 June to 16 June 1990)

BSE National Index on 16 June = 422.19, down from 429.74 (− 1.8 per cent).
BSE Sensitive Index on 16 June = 785.75, down from 799.50 (− 1.8 per cent)

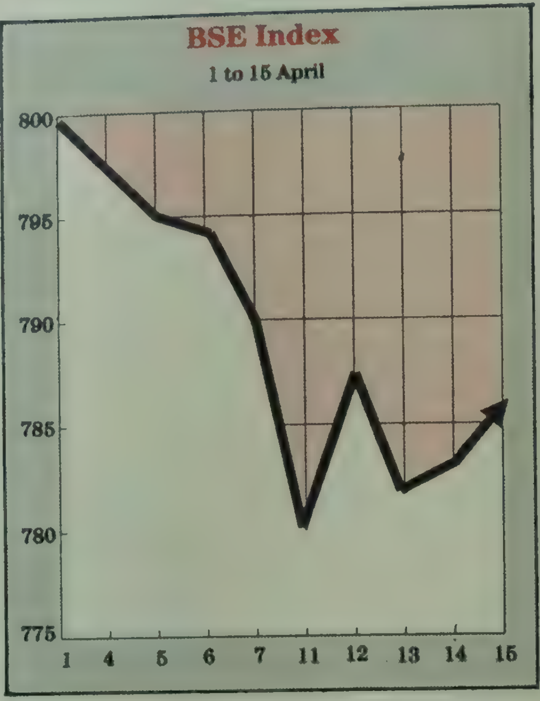
After a steady decline on significantly reduced volume, the market picked up towards the end of the fortnight. Cash scrips and only those listed in Calcutta and Delhi were more adversely affected than speculative scrips in Bombay.

The recovery towards the end of the fortnight was partly due to a reemergence of institutional buying in specified shares. The Unit Trust concentrated its purchases on shares which have recently performed well, including Bajaj Auto and Siemens. Part of the reason for the early decline was due to a less than expected profitability of speculative scrips like Glaxo.

Hard hit. In fact, pharmaceutical companies turned out to be the disappointments of the fortnight (*see table*). It is obvious now that product price revisions under the DPCO have not been forthcoming and this has obviously hurt the industry's profitability. Hoechst, which had been the lead speculative scrip in this group — having taken over in trading volume from Pfizer and Glaxo last year — was particularly hard hit (in spite of good results) because of an expected Rs.23 crore liability following excise demands under the Drug Prices Equalisation Act. The scrip fell from Rs.2205 to Rs.1745 during the fortnight.

Other speculative scrips that disappointed the market included Cadbury's which declared a lower profit after tax, although cash earnings were up. The market had been expecting a bonus as well. The scrip lost Rs.10 to close the fortnight at Rs.143.75.

The sharp reduction in excise on polyester staple fibre from Rs.16 per kg to Rs.5 per kg did not result in any uptrend in PSF scrips. India Polyfibre drifted further down from Rs.8.50 to Rs.7.50, while Indian Organic rose marginally by 25 paise to Rs.59.75. Reliance fell by Rs.2 to Rs.62.50.



With results still awaited for the five major speculatives, viz. ACC, Bombay Dyeing, Reliance, Telco and Tisco, (and all close at hand except for Reliance) which together account for almost 50 per cent of turnover on an average day on the BSE, the market's mood was cautious. This has puzzled investors who tend to ask as to why scrips like EID Parry and Amal Rasayan have lost 15 to 20 per cent of their market values over the past fortnight in the absence of any negative news on the scrips. Or, still worse, why scrips like Godfrey Philips, with a 150 per cent jump in earnings, that must surely have exceeded the market's expectations, should have fallen by over 10 per cent during the past fortnight.

Desire to book profits. Such puzzlement often turns into a cross request for institutional support. An important reason, of course, is because scrips like Tisco and Telco dominate the portfolios of most speculators, uncertainty about these scrips often translates into a desire to book profits in other scrips. As a result, all prices remain depressed.

Drug companies: Hard hit

Company	% change in earnings to March '90	Price on 1 June	Price on 15 June	% change
Bayer	− 11	840.00	775.00	− 7.8
Dr. Reddy's	− 3	53.00	48.00	− 9.5
Eskayef	25	147.50	131.25	− 11.1
Glaxo	− 15	100.00	97.50	− 2.5
Hind Ciba	10	1380.00	1380.00	0.0
J.B.Chem	186	79.00	75.00	− 5.1
Max India	− 8	71.00	70.00	− 1.5
Parke Davis	0	115.00	105.00	− 9.7

Such a situation is also healthy for the market because it creates opportunities for smaller investors with less diverse portfolios to pick up shares at lower prices (at the expense of profit-taking speculators). The alternative situation, in which institutions constantly intervene to prevent price falls, primarily suits speculators who are able to offload holdings at relatively high prices.

While the majority of company results declared over the fortnight continued to show that 1989 was a very good year — the average earnings increase will probably range between 40 per cent and 50 per cent once all the figures are added up — there were a higher proportion of weaker performers in the current fortnight than during the past one. Some of these, such as Remington Rand, Finolex Cables, MRF and Dunlop, were expected to perform badly because of industry trends. They duly did so, although the figures for tyres suggest a small recovery over the past six months.

Peico, which had announced 1989 to be the year that it turned the corner, was back on the profit list with earnings of Rs.4.2 crores. The share was marked up to Rs.35.50 from Rs.34. A year ago, on 15 June 1989, it quoted at Rs.15.

Clearing out. Siemens was the other company to post handsome profits of Rs.13.6 crore (for 18 months) — an annualised jump of 33 per cent. Speculators who had been expecting a bonus since January, were disappointed and booked profits, causing the scrip to fall to Rs.108 from Rs.115 over the fortnight. The scrip had quoted at Rs.65 on 27 July last year after its half-yearly results had shown a sharp decline in profit margins. However, the stress on high value-added switchgears and good agricultural demand for pumpsets has helped the company to do well. The share price started increasing from January this year and hit Rs.115 in mid-January itself. Since then, speculators who have been active in the scrip with expectations of a bonus will probably be busy clearing out, now that it hasn't come. Or might it still come?

With the Controller of Capital Issues seemingly unbothered about several companies who announce their results and bonus decisions separately, speculation tends to dominate trading activity even after results are announced. This is unhealthy for markets because the time after results are announced should be the time when profits are booked and new in vestment positions taken. However, continued speculative activity tends to make stock prices unnecessarily volatile and scares investors away.

The CCI should bring in a rule that was earlier proposed but never implemented: in case companies do not announce bonus decisions along with their annual results, there ought to be a minimum six-month waiting period. These are the kinds of situations for which the CCI, which has some skills in new capital issue but no demonstrated ones in understanding markets and investor protection, should give way to (a properly constituted) SEBI.

With the Controller of Capital Issues seemingly unbothered about several companies who announce their results and bonus decisions separately, speculation dominates trading even after results are announced

■ RAFIQ DOSSANI

REPS

Selling a house in parts

On 7 June 1990, a unique scheme aimed at making real estate a part of the investor's portfolio with an investment of only Rs. 7,500 was opened to the public for subscription. The scheme called the Real Estate Participation Scheme (REPS) has been floated by Lokhandwala Construction Industries Ltd (LCIL), a member of the Lokhandwala group which is well known in Bombay for its construction activity.

Today, in the property development industry, most builders are facing serious problems. On one hand there aren't as many buyers as there were a few years ago, and on the other, money is becoming dearer. The rate of land of flat transactions has fallen drastically. "Currently the real estate market is at its lowest ebb since the last two decades. There is no real market for flats," comments a leading builder.

LCIL is putting up a massive housing project in Kandivli comprising 224 flats of 620 sq feet, and 56 flats each of 920 and 1,100 sq feet — 330 flats in all. With the scheme, it can not only collect 100 per cent of the selling price in advance, but will be obliged to hand over the flat four years later. "The scheme is part of our resource mobilisation programme and for a mega project we need mega finances," admits Arvind Pahwa, chief executive of the Lokhandwala group.

The certificates have a face value of Rs.7,500, equivalent to 10 square feet in real estate. A buyer has three basic options. He can hold the certificate till maturity on 30 April 1994 and, as Pahwa explains, "if the certificate is not sold before the expiry of the scheme, it can be surrendered to a trustee. He, in turn, will sell the corresponding flats at the best possible price and distribute the sale proceeds among policy holders." says Pahwa.

Under the second option, a buyer can buy enough certificates over four years to secure a flat. Finally, under the third option, the holder can sell his certificates at the prevailing market price.

There is as yet no clearly defined "market" where the certificates can be bought or sold. In an attempt to provide liquidity for certificate holders, Lokhandwala Premises Ltd (LPL), a group company, will repurchase the REPS at specified prices one year after the issue. The price specified would give a return of 14 per cent per annum. "This is an independent offer and not part of the REPS scheme. We also expect a secondary market for liquidity and tradability of the scheme. This will emerge from real estate brokers," says Pahwa.

In any case, LPL is a separate company and its ability to act as a 'safety net' would have to be seen. It is not clear whether LPL would necessarily buy all certificates at the prescribed prices. From the investor's point of view, the scheme won't be as liquid as the share market and for the actual user (flat purchaser) the cost of acquisition is open to fluctuation.

However, observers feel that the terms of the schème could have been clarified before the promoters went to the public. The very concept of the scheme enables the promoters to avoid regulatory authorities. While the promoter's interest is safe-gaurded, market observers feel that investor protection is almost absent. "We are technically selling flats, therefore we do not require the consent of the Controller of Capital Issues (CCI) or the permission of the Reserve Bank of India (RBI). The only difference is instead of entering into a regular ownership agreement while selling flats, LCIL will get into a REPS certificate agreement," says Pahwa.

The interests of certificate holders are supposed to be protected by a trustee.

Observers feel that the terms of the scheme could have been clarified before the promoters went to the public. The very concept enables the promoters to avoid regulatory authorities

Theoretically the latter would have wide ranging powers which would entitle him to take over construction of the proposed area if LCIL reneges on its commitments. But at the time of the issue, the promoters had not yet appointed the trustee. This has led to criticism of the scheme though the promoters enjoy a good track record.

According to company sources, the company did plan to appoint a trustee before the issue and had approached the subsidiaries of several nationalised banks. "Unfortunately, the articles of the banks do not permit them to act as trustees," clarifies Pahwa. At the time of going to press, there are indications that a trustee will be appointed before the subscription closes on 30 June 1990.

Another grey area is the scheme could be altered substantially. Under clauses 26 and 27 of the terms and conditions of the issue, the company, reserves the right to add, alter and amend any or all the terms of the REPS in consultation with the proposed trustee.

Undoubtedly, the scheme is innovative and interesting. As Niranjan Hiranandani, managing director of the rival Hiranandani Constructions says, "The scheme will create a revolution in real estate as trading in flats is a cumbersome procedure, but with certificates it will be much easier." But the many questions about investor security need to be resolved. Industry watchers expect that if the scheme succeeds, it could well start a string of many such issues.

■ LANCELOT JOSEPH

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UNAUDITED FINANCIAL RESULTS (ESTIMATED) FOR THE SIX MONTHS ENDED MARCH 31, 1990

(Rs. in lakhs)

	Six months ended 31.3.1990	Corresponding six months in the previous year ended 28.2.1989	Previous accounting year ended 28.2.1989 (18 months)
Net Sales (Net of excise)	3183.02	2698.44	9187.50
Other income	81.70	94.74	196.98
Raw materials cost	1733.10	1349.52	5072.63
Wages	500.81	441.43	1325.51
Interest	203.33	152.26	385.55
Other expenses	726.45	549.71	1651.38
Gross Profit	101.03	300.26	949.41
Provision for depreciation	28.85	19.23	90.73
Profit before taxation	72.18	281.03	858.68
Provision for taxation	(10.26) (Excess provision)	121.60	318.00
Net profit after depreciation and taxation	82.44	159.43	540.68

June 7, 1990

By Order of the Board
D C Tanna
Company Secretary

Amforge Industries

Amforge Industries Ltd has already created a niche for itself in the country's forging industry. It first went public in 1986 with an annual turnover of Rs.23 crore (1986-87). Today it is the second largest manufacturer of forgings with a turnover of Rs.57.57 crore in March 1990, an increase of 118 per cent over three years.

With the growth in the engineering sector, especially in automobiles and two-wheeler industry, the demand for quality forgings went up. In 1989, to meet the increased demand for heavy forgings, Amforge commissioned an expansion project at a cost of Rs.12.5 crore, at Khopoli in Maharashtra. Having assimilated the latest press technology, the company is now embarking on a technology upgradation cum expansion drive for further broadbasing its product range of forgings. It plans to set up a 6,300 tonne imported forging press and procure related equipment for manufacture of 'close tolerance' medium range forgings. With the completion of this expansion, the company's capacity will increase to 35,000 tonnes of forgings per annum (tpa) from the existing 22,500 tpa.

Amforge Industries Ltd	
Issue opens on	: 5 July 1990
Size of the issue	: Rs.14.18 crore
To Indian public	: Rs.10.27 crore
Instrument	: 12.5 per cent secured partly convertible debentures of Rs.100 each cash at par
Promoters	: Yogiraj Makar, Surindernath Makar
Project	: Further expansion of its existing operations
Cost of project	: Rs.25.19 crore
Plant location	: Khopoli, Maharashtra
Listing	: Bombay, Ahmedabad and Delhi

The present issue of 12.5 per cent, secured partly convertible debentures (CD) will part finance this expansion project as well as meet the listing requirement to increase public participation in the equity from 40 to 60 per cent.

Says Yogiraj Makar, chairman and managing director, "The terms of the debentures are attractive enough to qualify it as a mini-bonus to shareholders." The convertible part of the debenture — Rs.35, will be converted to a fully paid equity share of Rs.10 at a premium of Rs.25, six months from the date of allotment or on 1 April, 1991, whichever is later. The non-convertible part of Rs.65 per debenture will be redeemed at par in four instalments at the expiry of the seventh, eighth, ninth and tenth year of allotment. The equity capital after conversion will be Rs.7.23 crore against Rs.5.25 crore at present.

In 1985, Amforge entered into a technical collaboration with leading Japanese forging manufacturer, Goshu Forge Co. Ltd for quality 'close tolerance' forgings. Over the years, Amforge has installed several state-of-the-art machinery and presses in its plant. It has also accomplished import substitution to a large extent. The list of its customers is impressive: Telco, Ashok Leyland, Bajaj Auto, Bajaj Tempo, Mahindra, HMT, Eichers, L&T, Kirloskars, Hero Honda, TVS group, and Maruti, among several other blue-chip companies.

With industrial growth having been pegged at a healthy 9 per cent in the eighth five year plan, future prospect for the forgings industry look bright. In addition, the reluctance of the developing countries to continue in the forging business due to environmental hazards, has increased the export potential for forgings tremendously. Export turnover of Amforge which was Rs.3.80 crore in 1987-88 went up to Rs.10.60 crore in 1989-90.

Amforge may not be a very good speculative share but given the profile of the company and the industry, it appears to be a good long term investment scrip.

Hindustan Powerplus

Hindustan Powerplus Ltd is jointly promoted by C.K. Birla group companies such as Hindustan Motors, Hyderabad Industries and Rajastan Industries, and Caterpillar Commercial N.V. of Belgium, a wholly owned subsidiary of Caterpillar Inc of USA, which ranks 48th in the latest *Fortune 500* listing. The Birla group and Caterpillar each will hold 37.7 per cent of the Rs.15.58 crore equity of the company.

The company is offering equity shares of Rs.10 each, convertible debentures of Rs.150 each and non-convertible debentures of Rs.100 each. The investor will have the option to apply for any one or two or all of the above instruments. To the Indian public, it is offering 12.03 lakh equity shares, 4.28 lakh 12.5 per cent partly convertible debentures and 21 lakh 14 per cent non-convertible debentures. In case of convertible debentures of Rs.150 each, Rs.50 will compulsorily and automatically be converted into 5 equity shares at par, the balance Rs.100 will be redeemed at par after six years. The non-convertible debenture will be redeemed at a premium of 5 per cent after six years.

The new company is setting up a plant near Hosur in Tamil Nadu at a cost of Rs.48.50 crore to manufacture about 1,500 internal combustion diesel engines. The engines will be in the range of 100 to 1,600 hp and will find their application in gensets, marine engines, earthmoving equipment and some other industrial equipment. Although there are at least half a dozen manufacturers of similar diesel engines in the country, Hindustan Powerplus officials claim that few have the range of the engines they are planning to make. Besides, nearly one-third of the company's production will be lifted by Hindustan Motors, which apart from cars is also a leading manufacturer of earthmoving equipment. The company also expects its products to have a technical edge over its competitors as its collaborator Caterpillar is a world leader in the field.

Hindustan Powerplus Ltd	
Issue opens on	: 9 July 1990
Size of the issue	: Rs.35.08 crore
To Indian public	: Rs.28.61 crore
Instruments	: Equity shares, partly convertible debentures and non-convertible debentures — all at par
Promoters	: C.K. Birla group of Hindustan Motors and Caterpillar of USA
Project	: Diesel engines
Project location	: Dharmapuri district in Tamil Nadu
Listing	: Madras and Bombay

For financing the Rs.48.50 crore project, the company, interestingly, is raising almost the entire money from the public. Its term loans from banks will be only Rs.2 crore which is a meagre four per cent of the project cost.

STOCKMARKETS

Company	Year	Equity	Re-	Book	Price	52 weeks		EPS in Rs		PE	Divi-	Yield	Bonus	
Face value	Ended	Rs Cr	serves Rs Cr	value Rs	15.6.90	High	Low	Year	Half-yr	Times	dend %	%	Year	Ratio
A.P SCOOTERS,10	07/87	9.94	-13.25	-3.33	4.00	6.00	2.00	-4.8			11.0	27.5		
ACC,100	03/89	55.95	81.30	245.31	494.00	497.00	237.00	4.5	16.1	109.8		3.6	86	1:5
AHM ELECTRIC,100	03/89	19.81	67.58	441.14	275.00	380.00	162.00	27.7	11.8	9.9	16.0	5.8	87	1:5
ALFA LAVAL,10	03/89	7.82	21.57	37.58	120.00	125.00	70.00	8.0	4.1	15.0	25.0	2.1	89	1.2
AMAL RASAYAN,10	03/89	1.48	5.14	44.73	49.50	90.00	49.50	15.6	2.6	3.2	25.0	5.1		
AMB SARABHAI,10	03/88	22.20	-1.72	9.23	15.00	22.25	14.25	0.8		18.8			82	1.5
AMFORGE,10	03/90	5.33	11.32	31.24	85.50	115.00	75.00	11.3	5.0	7.6	25.0	2.9		
ANDHRA CEMENT,10	03/89	18.78	-2.70	8.56	9.00	11.00	7.75	-15.4				11.8	67	1:2
ANDHRA VALLEY,100	03/89	10.51	49.73	573.17	400.00	490.00	297.50	126.5	108.4	3.2	18.0	4.5	75	1:9
ANDREW YULE,10	03/87	9.41	22.81	34.24	57.50	77.50	35.00	2.2		26.1	10.0	1.7	67	2:5
ANNAPURNA FOILS,10	03/89	9.05	0.00	10.00	10.00	13.00	6.50	-2.9	-3.2					
APOLLO HOSP,10	06/88	5.22	1.33	12.56	12.00	16.00	11.00	3.2	1.2	3.8	15.0	12.5		
APOLLO TYRES,10	10/89	8.40	14.19	26.89	51.50	136.50	41.50	18.3		2.8	25.0	4.9		
APPLE IND.,10	03/89	5.19	0.81	11.56	35.50	41.25	14.50	3.1	3.1	11.5	35.0	9.9		
ASEA BROWN,10	03/89	5.28	8.25	25.62	78.50	85.00	47.50	5.9	3.5	13.3	21.0	2.7		
ASHOK LEYLAND,10	12/88	31.72	84.87	36.76	77.00	98.50	62.50	5.5	2.2	14.0	21.0	2.7	78	1.2
ASIAN CABLES,10	03/89	5.59	7.32	23.09	29.00	60.00	28.00	5.8	2.4	5.0	12.0	4.1	81	1:3
ASIAN HOTELS,10	03/89	15.05	4.81	13.20	61.50	64.00	52.00	3.9	3.1	15.8	25.0	4.1		
ASIAN PAINTS,10	03/89	12.44	41.02	42.97	227.50	250.00	185.00	9.7	6.2	23.5	42.0	1.8	87	1:2
ASSAM CO,10	03/89	14.00	26.02	28.59	120.00	147.50	66.25	8.4	7.2	14.3	40.0	3.3	89	1:1
ASSAM FRONTIER,10	03/89	3.00	10.53	45.10	218.75	247.50	157.50	13.7	20.0	16.0	50.0	2.3		
ASTRA IDL,10	03/89	2.50	2.97	21.88	47.50	72.00	42.50	4.9	2.5	9.7	10.0	2.1		
ATLAS COPCO,10	03/89	7.26	7.95	20.95	36.00	51.00	33.00	0.8	-1.9	45.0	10.0	2.8	87	1:2
ATLAS CYCLE,10	03/89	1.15	13.93	131.13	70.00	115.00	70.00	12.8	2.4	5.5	15.0	2.1	87	1.2
AVERY INDIA,10	03/89	4.20	9.34	32.24	108.00	130.50	106.00	7.7		14.0	35.0	3.2	84	2:5
BAJAJ AUTO,10	03/90	18.81	264.19	150.45	467.50	467.50	301.25	34.6	19.5	13.5	110.0	2.4	87	1:1
BAJAJ PLASTIC,10	03/89	1.50	4.94	42.93	37.00	38.00	19.00	-10.9	-3.4				86	1:1
BAJAJ TEMPO,10	03/90	6.60	42.10	73.79	157.50	180.00	117.50	11.5	8.4	13.7	20.0	1.3	86	1:1
BAKELITE HYLAM,10	03/90	4.50	20.04	54.53	35.00	59.00	31.00	3.0		11.7	18.0	5.1	80	2:3
BALLARPUR,10	03/89	20.97	27.11	22.93	155.00	170.00	115.00	7.4	7.8	20.9	18.0	1.2	89	1:2
BARODA RAYON,100	03/89	17.97	32.35	280.02	882.50	887.50	480.00	83.9	37.4	10.5	15.0	1.7	82	1:2
BASF,10	03/90	4.26	12.32	38.92	150.00	166.00	115.00	12.7		11.8	25.0	1.7	88	1:2
BATA INDIA,10	12/88	10.50	17.18	26.36	64.00	82.00	60.00	1.3		49.2	15.0	2.3	87	1:1
BATLIBOI,10	03/89	2.79	3.93	24.09	38.00	44.00	14.50	5.4		7.0	15.0	3.9		
BAYER INDIA,100	03/90	16.22	17.65	208.82	775.00	900.00	710.00	32.8	9.4	23.6	20.0	2.6	87	1:1
BEST & CROM,10	03/89	7.10	17.80	35.07	35.00	57.50	28.50	1.6	-0.9	21.9	10.0	2.9	82	3:5
BHADRA PAPER,10	03/90	10.57	27.85	36.35	75.00	123.75	73.75	4.3	1.1	17.4	35.0	4.7		
BHARAT FORGE,10	03/90	14.24	19.23	23.50	97.50	100.00	72.50	4.1		23.8	25.0	2.6	88	1:1
BHARAT GEARS,10	01/89	4.03	5.50	23.65	34.50	39.00	17.50	-2.4	0.1			6.2		
BIHAR ALLOY,10	03/89	8.20	-8.25	-0.06	38.00	51.50	12.75	2.9	1.1	13.1				
BIMETAL,10	03/89	3.82	9.00	33.56	104.00	104.00	75.00	7.5	4.8	13.9	27.5	2.6	89	1:1
BINDAL AGRO,10	12/88	14.85	8.50	15.72	37.50	125.00	37.50	5.1	4.6	7.4	50.0	13.3		
BIRLA JUTE,10	03/90	20.37	84.17	51.32	79.00	85.00	45.50	2.3		34.3	18.0	2.3	86	1:1
BIRLA YAMAHA,10	02/89	8.00	0.17	10.21	9.00	11.00	7.50	-4.8	-3.4					
BLOW PLAST,10	07/89	2.00	3.73	28.65	65.00	67.50	30.00	1.6		40.6	15.0	2.3	87	1:1
BLUE STAR,10	03/89	3.55	11.60	42.68	87.50	90.00	60.00	9.7	1.4	9.0	18.0	2.1	86	3:5
BOM BURMAH,100	03/89	5.52	16.26	394.57	800.00	800.00	400.00	38.4	38.9	20.8	30.0	3.8	78	1:4
BOM DYEING,10	03/89	11.24	70.65	72.86	228.50	228.50	117.00	16.0	8.9	14.3	30.0	1.3	79	1:1
BOM SUBURBAN,10	03/90	6.80	78.22	128.52	44.00	60.00	22.00	18.2	11.2	2.4	20.0	4.5	89	1:1
BOOTS,10	03/89	8.10	9.33	21.52	105.00	145.00	95.00	5.5	2.8	19.1	22.0	2.1	87	1:1
BOROSIL GLASS,10	03/90	2.24	8.71	48.88	66.50	74.00	60.00	5.9		11.3	25.0	3.8	82	1:2
BRITANNIA,10	03/90	18.57	33.30	27.93	117.00	120.00	58.70	5.3	2.7	22.1	24.0	2.1	89	1:2
BROOKE BOND,10	12/89	44.15	39.77	19.01	114.00	118.00	78.00	6.2		18.4	30.0	2.6	89	4:5
BURROUGHS,10	02/89	6.00	15.82	36.37	70.00	107.50	70.00	6.0	1.4	11.7	45.0	6.4	89	1:1
C.E.S.C.,10	03/90	16.94	76.31	55.05	36.50	38.25	25.75	7.9	2.9	4.6	16.0	4.4		
C.P.TOOLS,100	03/89	4.57	9.61	310.28	300.00	370.00	280.00	15.2	-5.6	19.7	15.0	5.0	77	1:3
CABLE CORP,10	03/89	9.00	18.86	30.96	66.00	91.00	61.00	11.5	3.4	5.7	27.5	4.2		
CADBURY,10	03/90	8.40	14.40	27.14	143.75	168.75	104.00	6.3	2.0	22.8	35.0	2.4	87	1:1
CALICO MILLS 125	06/89	13.56	-5.69	72.55	58.00	61.00	40.00	2.3		25.2			77	1:7
CARRIER AIRCON,10	03/89	10.42	-3.50	6.64	18.00	28.50	18.00	-2.8	-0.9					
CEAT TYRES 10	06/89	14.76	104.60	80.87	88.75	176.25	80.00	15.2	6.3	5.8	30.0	3.4	86	1:2
CEMINDIA,10	03/90	1.28	8.57	76.96	86.25	121.75	79.00	7.0	2.8	12.3	30.0	3.5	84	3:5
CENTURY ENKA,100	03/90	16.61	142.03	955.09	3700.00	3800.00	2620.00	196.7		18.8	62.5	1.7	88	2:5
CENTURY SPIN,100	03/90	26.62	255.31	1059.09	3440.00	3570.00	1890.00	203.0		16.9	50.0	1.5	86	2:3
CHAMPAGNE,10	03/89	3.00	-1.46	5.13	13.50	17.00	13.00	-3.2						
CHLORIDE,10	12/88	20.65	16.51	18.00	91.00	91.00	80.00	5.0	2.5	18.2	31.5	3.5	86	3:5
CIFCO FINANCE,10	03/89	4.78	0.40	10.84	10.25	12.00	7.50	2.1	0.9	4.9	11.0	10.7		
CITURGIA,10	03/89	3.38	6.54	29.35	32.50	112.50	85.00	8.3	3.4	11.1	35.0	3.8		
COLGATE,10	12/89	31.44	25.33	18.06	221.25	230.00	150.62	8.0		27.7	42.5	1.9	89	1:1
COLOUR CHEM,100	03/90	7.94	13.96	275.82	615.00	740.00	450.00	30.0		20.5	22.0	3.6	80	2:5
COMET STEEL,10	03/90	9.65	4.18	14.33	19.50	25.00	17.00	4.1		4.6	17.0	8.7		
COROM FERT,10	09/89	24.32	24.79	20.19	43.00	43.00	21.00	-2.9	1.5			2.6	86	1:2
COSMO FILMS,10	03/89	2.39	7.45	41.17	35.00	42.00	23.00	8.5	2.6		18.0	5.1		
CROMPT GREA,100	03/90	19.20	74.09	485.89	1050.00	1100.00	600.00	80.9		13.0	18.0	1.7	89	1:1
CYANAMID,10	03/89	5.25	10.26	29.54	97.00	120.00	74.00	4.2	3.1	23.1	20.0	2.1		
DCM TOYOTA,10	03/90	15.00	-12.96	1.36	25.50	28.00	9.50	4.3	3.2	5.9				
DCM,10	03/89	23.02	28.19	22.25	47.50	64.00	45.00	2.1	-2.2	22.6			71	4:5
DEEPAK FERT,10	03/89	36.68	11.32	13.09	29.50	35.00	26.50	1.9	1.5	15.5	18.0	6.1		
DEEPAK NITR,10	03/89	2.43	6.48	36.67	89.50	102.50	63.00	6.1	6.0	14.7	28.0	3.1	85	1:2
DEMPO STEAM,100	06/85	2.00	-9.83	-391.50	5.00	6.50	5.00							
DHARAMSI,10	03/89	6.24	11.15	27.87	64.00	67.50	30.00	3.1	3.2	20.6	20.0	3.1	79	2:5
DR.REDDYS,10	03/90	2.08	1.36	16.54	48.00	70.00	48.00	3.1	1.6	15.5	25.0	5.2		
DUNCAN AGRO,100	03/89	3.05	18.23	697.70	575.00	620.00	183.43	28.9	82.6	19.9	15.0	2.6	89	1:2
DUNLOP,10	03/90	18.99	68.77	46.21	57.00	88.00	53.00	2.3		24.8	30.0	5.3	76	1:3
E. MERCK,10	12/89	5.94	6.65	21.20	75.00	90.00	28.00	5.2		14.4	25.0	3.3	86	3:5
E.I.HOTELS,10	03/89	23.84	42.12	27.67	58.00	67.00	55.50	4.0	0.5	14.5	20.0	3.4	84	2:5
EICHER MOTORS,10	03/90	9.98	-6.04	3.95	23.00	23.00	9.50	3.5	3.4	6.6		10.0		
EID PARRY,10	06/89	6.28	6.69	20.65	85.00	100.00	52.00	7.3		11.6	25.0	2.9		
ELECON ENG,10	03/89	5.65	26.90	57.61	68.75	85.00	54.00	4.6	1.3	14.9	20.0	2.9	87	3:5
ENFIELD,10	03/89	5.04	9.15	28.15	14.25	19.75	10.50	-10.4					85	1:1
ENGLISH ELECT,10	03/89	9.00	18.16	30.18	70.00	77.00	47.50	2.7	2.5	25.9	7.5	1.1	87	1:1
ESCORTS,10	03/90	33.90	114.78	43.86	98.50	98.50	65.00	6.6	3.2	14.9	28.0	2.8	87	3:5
ESKAYEF,10	03/90	7.50	26.57	45.43	131.25	165.00	111.25	10.4	4.5	12.6	30.0	2.3	88	1:2
ESSAR SHIPPING,10	06/89	46.14	44.05	19.56	36.00	39.25	20.00	2.9	4.6	12.4	30.0	8.3		
EXCEL,10	03/89	4.62	11.98	35.93	182.00	195.00	117.00	10.3	6.7	17.7	50.0	2.7	84	4:5
FAG PRECISION,100	03/89	3.36	8.71	359.23	90.00	98.75	46.50	5.3	7.5	17.0	16.0	17.8		
FERRO ALLOYS,100	03/89	8.42	24.78	394.30	75.00	135.00	65.00	197.6	143.3	0.4	20.0	26.7	80	1:2
FGP,10	03/90	4.89	7.34	25.01	52.00	62.00	44.50	5.3	2.2	9.8	22.0	4.2	87	1:2
FICOM ORGANIC,10	03/89	1.29	5.96	56.20	156.00	202.50	156.00	19.0	9.5	8.2	60.0	3.8	87	1.1
FINOLEX,10	03/90	3.24	30.80	105.06	212.50	380.00	202.50	28.3	15.8	7.5	60.0	2.8	88	4:5
FIRST LEASING,10	11/89	6.30	10.05	25.95	24.00	36.25	15.00	4.8		5.0	26.0	10.8	83	1:3
FLAKT INDIA,10	12/88	4.76	4.08	18.57	76.25	76.25	29.50	4.0	3.2	19.1	20.0	2.6	89	2:5
FORBES FORBES,10	03/90	4.25	20.54	58.33	51.00	60.00	46.25	5.5	2.5	9.3	15.0	2.9	82	2:5
FULFORD,10	12/88	0.80	2.28	38.50	260.00	380.00	230.00	11.4	1.9	22.8	15.0	0.6	88	1:1
G.E.SHIPPING,10	03/90	64.85	55.28	18.52	44.75	52.50	37.00	6.7	3.3	6.7	12.0	2.7	81	2:3
G.K.W.,10	03/89	24.06	30.30	22.59	29.00	30.00	16.00	-0.7	0.5				83	1:3
G.T.C.INDUST,10	03/89	5.00	13.24	36.48	31.00	36.00	18.50	5.3	2.6	5.8	24.0	7.7	72	1:4
GABRIEL,10	03/89	2.64	4.36	26.52	59.00	67.50	31.00	4.4	1.9	13.4	20.0	3.4	78	3:5
GAMMON INDIA,10	03/89	2.16	13.46	72.31	130.00	135.00	80.00	5.8	4.2	22.4	18.0	1.4	82	2:5
GARDEN SILK,10	06/89	16.24	84.67	62.14	40.00	57.50	37.50	3.6	1.4	11.1	30.0	7.5		
GARWARE NYLON,10	12/88	9.72	14.92	25.35	51.00	67.00	39.00	2.7	2.0	18.9	20.0	3.9	83	1:2
GARWARE POLY,10	09/89	10.94	21.96	30.07	30.00	71.00	29.50	-6.4				4.1		
GARWARE SHIP,10	03/89	3.75	0.03	10.08	19.00	27.50	17.00	5.9	1.6	3.2	15.0	7.9		
GEN ELECTRIC,10	03/89	7.20	30.60	52.50	35.00	46.00	31.25	3.8	2.2	9.2	15.0	4.3	89	1:1
GENELEC,10	03/89	2.16	-4.39	-10.32	19.25	38.00	19.00	-47.1			14.7	7.6	84	1:1
GEORGE WILL,10	09/89	6.30	24.05	48.17	157.50	186.75	80.04	12.5		12.6	40.0	2.5	89	1:2
GERMAN REMEDIES,10	03/89	3.26	5.20	25.95	155.00	155.00	62.50	1.9	2.7	81.6	15.0	1.0	82	3:5
GLAXO,10	03/90	20.00	49.88	34.94	97.50	122.50	83.50	7.7	5.0	12.7	27.0	2.8	80	1:3
GODFREY PHILIPS,10	03/90	2.60	3.80	24.62	80.00	90.00	25.00	11.0	6.9	7.3	35.0	4.4	75	1:1
GOETZE,10	03/90	6.93	14.10	30.35	90.00	90.00	70.00	6.7	3.4	13.4	22.0	2.4	76	4:5
GOKAK PATEL,10	03/89	6.52	19.12	39.33	112.50	125.00	67.50	8.0	5.6	14.1	20.0	1.8	87	1:1
GOOD NEROLAC,10	03/89	3.24	5.08	25.68	65.00	80.00	45.00	2.5	1.8	26.0	22.0	3.4	78	5:7
GOODYEAR,10	12/89	7.48	31.95	52.71	92.50	107.50	80.00	13.1		7.1	40.0	4.3	90	1:1
GRAMOPHONE,10	03/89	4.37	11.43	36.16	12.00	12.00	8.50	-14.0						
GRASIM,10	03/89	48.46	127.25	36.26	123.50	131.50	101.00	7.2	5.5	17.2	27.5	2.2	88	3:4
GREAVE COTTON,100	03/89	9.86	26.22	365.92	675.00	720.00	610.00	67.6	21.3	10.0	18.0	2.7	88	1:2
GUJ ALKALIES,10	03/90	17.90	29.78	26.64	88.00	88.50	67.50	4.2	3.1	21.0	26.0	3.0	87	1:5
GUJ AMB CEM,10	06/89	19.99	5.58	12.79	43.50	45.75	14.50	1.9	2.5	22.9	12.0	2.8		
GUJ NARMADA,10	03/89	88.99	103.47	21.63	36.00	47.00	30.00	3.4	1.6	10.6	10.0	2.8		
GUJ STATE FERT,10	03/89	44.41	208.59	56.97	198.75	207.50	151.25	6.4	5.4	31.1	37.5	1.9	87	1:3
HARRISON,10	06/89	9.10	17.64	29.38	118.00	120.00	76.50	3.5	5.6	33.7	35.0	3.0	87	2:5
HERDILLIA CHEM,10	03/89	7.35	41.35	66.26	84.00	99.50	83.75	11.3	5.7	7.4	21.0	2.5	78	1:2
HERO HONDA,10	03/90	15.98	-2.76	8.27	23.00	38.00	16.00	-0.3	2.0					
HIND ALLOY,10	03/90	7.13	5.03	17.05	66.25	76.25	46.25	9.4	4.1	7.0	30.0	4.5		
HIND CIBA,100	03/90	17.71	40.07	326.26	1380.00	1525.00	780.00	92.7	39.5	14.9	30.0	2.2	80	1:2
HIND DEVELOP,10	03/89	29.74	92.56	41.12	84.00	135.00	72.00	3.2	2.4	26.2	25.0	3.0	86	1:1
HIND DORR-OLIVER,10	03/89	4.76	8.41	27.67	62.50	105.00	62.50	3.3	2.7	18.9	50.0	8.0	89	1:1
HIND FERODO,10	03/89	5.50	1.89	13.44	25.00	28.00	16.00	1.4		17.9	5.0	2.0	83	4:5
HIND LEVER,10	12/89	93.32	135.20	24.49	122.00	122.00	90.50	5.8		21.0	35.0	2.9	87	1.1
HIND MOTOR,10	03/89	26.35	44.89	27.04	30.00	39.75	21.00	-2.2	0.6		7.5	2.5	86	1:1
HINDALCO,10	03/90	17.85	168.11	104.18	277.50	322.50	210.00	36.1	16.5	7.7	37.5	1.4	90	3:5
HMM,10	03/90	14.18	93.90	76.22	305.00	312.50	117.50	12.4	5.3	24.6	40.0	1.3	87	1:1
HOECHST,100	03/89	9.58	27.94	391.65	1745.00	2205.00	690.00	37.7	52.3	46.3	20.0	1.1	82	1:2
HOGANAS,10	03/89	1.15	0.00	10.00	61.00	65.00	41.00	-2.5	2.6					
HOTEL LEELA,10	03/89	17.70	-2.30	8.70	14.00	19.00	13.00	-0.3	-0.4					
HOUSING DEV FIN,100	03/89	19.98	44.56	323.02	420.00	460.00	215.00	96.8	46.4	4.3	14.0	3.3		
HYD.ALLWYN,10	12/88	17.45	10.70	16.13	15.00	16.50	13.00	1.4	1.2	10.7	15.0	10.0		
I.O.L.,10	03/89	14.80	32.65	32.36	37.25	49.00	33.50	1.9		19.6	10.0	2.7	85	1:3
ICI,10	03/89	40.87	84.19	30.60	38.00	67.00	35.00	1.2	3.9	31.7	22.5	5.9	78	1:3
ICIM,10	03/90	5.88	9.13	25.53	25.00	67.00	16.00	3.9		6.4				
INDIA CEMENT,10	03/90	4.90	46.92	105.76	37.00	40.00	15.00	5.1	6.2	7.3	8.0	2.2	89	2:5
INDIA GYPSUM,10	03/89	9.00	-2.47	7.26	9.50	16.00	9.00	-2.7	-1.3					

Company	Year	Equity	Re-	Book	Price	52 weeks		EPS in Rs		PE	Divi-	Yield	Bonus	
Face value	Ended	Rs Cr	serves Rs Cr	value Rs	15.6.90	High	Low	Year	Half-yr	Times	dend %	%	Year	Ratio
INDIA POLYFIBRES,10	03/90	29.75	-2.73	9.08	7.50	10.00	4.50	-0.9	-2.3					
INDIA STEAMSHIP,10	03/89	10.15	-65.15	-54.19	12.35	18.25	10.00	4.2	2.1	2.9			75	1.1
INDIAN ALUM,10	03/90	41.50	49.09	21.83	146.25	188.00	120.00	14.1	7.0	10.4	25.0	1.7	77	2:5
INDIAN DYESTUFF,100	03/89	9.41	35.85	480.98	350.00	360.00	165.00	-1.3	0.1		10.0	2.9	80	1:4
INDIAN HOTEL,10	03/89	14.79	43.45	39.38	90.50	96.72	81 71	6.3	-1.3	14.4	30.0	3.3	89	1.2
INDIAN ORGANIC,10	03/89	18.40	20.63	21.21	59.75	61.00	35.50	3.4	1.5	17.6	10.0	1.7	85	1:2
INDIAN RAYON,10	06/89	25.40	190.83	85.13	109.50	109.50	77.00	3.9	3.8	28.1	28.0	2.6	80	1.4
INDIAN SEAMLESS,10	03/90	3.86	2.36	16.11	88.75	119.99	75.71	4.7		18.9	25.0	2.8	89	3:4
INDOGULF FERT,10	03/89	164.81	0.00	10.00	17.50	19.75	13.00	-0.7	-0.2					
INDROL,10	06/89	6.16	26.27	52.65	228.75	316.25	172 50	11.8		19.4	36.0	1.6	86	1:1
INDU NISSAN,10	03/89	14.00	1.21	10.86	13.00	16.00	11.25	0.7	0.5	18.6	15.0	11.5		
INGERSOLL,10	03/90	15.78	23.11	24.65	225.00	240 00	190.00	9.1	5.3	24.7	45.0	2.0	89	1:1
ION EXCHANGE,10	03/89	3.50	7.20	30.57	57.50	94 00	57.50	4.6	0.7	12.5	13.0	2.3	88	4:5
IPITATA,10	03/89	12.00	-15 79	-3.16	28.00	34 00	16 50	-4.4	1.4					
ITC,10	03/90	66.34	154.04	33.22	77.00	77.00	51.00	7.9		9.7	37.5	4.9	89	1:1
J.B.CHEMICAL,10	06/89	3.00	2.84	19.47	75.00	81.25	27 00	4.4	8.3	17.0	23.0	3.1		
J.K.INDUSTRIES,10	06/89	14.04	15.51	21.05	66.25	112.50	49.00	13.4		4.9	25.0	3.8	67	1:1
J.K.SYNTHETIC,10	03/89	38.51	129.12	43.53	58.50	83.00	51.00	4.8	1.2	12.2	22.0	3.8	83	1:3
JAYANT VITAMIN,10	06/89	3.87	5.11	23.20	27.00	49 00	27 00	8.0		3.4	25.0	9.3	87	2:5
KALYANI BRAKES,10	03/89	3.90	-4.84	-2.41	42.50	46.00	26 00	3.0	2.1	14.2				
KALYANI STEEL,10	03/90	2.36	11.41	58 35	380.00	390 00	220.00	19.7	7.2	19.3	35.0	0.9	88	1:1
KELVINATOR,10	06/89	3.55	25.48	81 77	82 00	101.25	74.38	18.2	9.7	4.5	24.0	2.9	89	1:1
KESORAM,10	03/90	11.46	53.78	56.93	49 00	55.00	39.00	2.3		21.3	10.0	2.0	79	1:2
KHODAY DIST,10	12/88	9.00	8.88	19.87	26.50	53.75	25.00	4.7	2.8	5.6	20.0	7.5		
KINETIC ENGG,10	03/90	2.88	19 47	77.60	162.00	189.00	125.00	12.3	6.5	13.2	30.0	1.9	89	1:1
KINETIC HONDA,10	03/89	9.99	3.34	13.34	55.00	55.00	24.00	1.4	0.7	39.3				
KIRL CUMMINS,10	03/89	26.40	41.95	25.89	78.50	84.00	55.00	2.7	2.0	29.1	11.2	1.4	86	1:1
KIRL PNEUMATIC,10	03/89	3.85	11.28	39.30	45 00	72.50	45.00	10.8	1.2	4.2	22.5	5.0		
KIRLOSKAR OIL,10	03/89	5.75	13.16	32.89	36.00	42.00	29.00	5.2	-1.7	6.9	10.0	2.8	76	3:7
KLOCKNER WIND,10	03/89	4.50	7.50	26.67	197.50	200.00	100.00	9.4	4.5	21.0	24.0	1.2	88	1:2
KSB PUMPS,10	03/90	8.70	12.25	24.08	190.00	227.50	181.25	7.3	4.6	26.0	20.0	1.1	89	1:1
LAKME,10	03/89	3.15	6.43	30 41	123.75	125 00	63.34	4.4	4.8	28.1	22.5	1.8	89	1.2
LARSEN TOUBRO,10	03/89	68.09	294.16	53.20	72.50	117.50	59.00	4.1	3.1	17.7	30.0	4.1	86	3:5
LIPTON,10	12/89	15.75	22.13	24 05	76 00	109 00	65.00	6.6		11.5	22.0	2.9		
LLOYD STEEL,10	03/90	5.07	4.92	19.70	57.50	127.50	53.75	7.2		8.0	25.0	4.3	89	1:2
LML,10	03/89	21 42	9.07	14.23	20.37	22.00	16.00	0.3	0.6	67.9			80	4:5
MACNEIL MAGOR,10	06/86	2.74	41.38	161.02	100 50	102.00	56.00	2.3		43.7	7.0	0.7		
MADRAS CEMENT,100	03/90	3.02	18.65	717.55	1020.00	1075.00	400 00	22.5	73.8	45.3				
MADURA COATS,10	03/89	21.96	92.32	52.04	120.00	120 00	97 00	6.9	2.4	17.4	25.0	2.1	96	1:2
MAFATLAL FINE,100	03/90	14.48	18.90	230 52	245.00	346 25	200.00	-33.1	6.6	47.1		3.1	80	1:3
MAFATLAL IND,100	03/90	13.45	51.38	482.01	550.00	660.00	220.00	22.7	19.1	24.2	22.0	4.0	78	1:5
MAHIN & MAHIN,10	03/89	19.26	102.06	62.99	81.25	104.00	72.50	6.8	3.5	11.9	35.0	4.3	84	2:3
MAHINDRA NISSAN	03/89	16.70	0.15	10.09	14.00	15.00	8.00	-2.2	-2.5					
MAHINDRA UGINE,10	03/89	11.50	24.57	31.37	65.00	89.00	62.50	6.6	2.3	9.8	16.5	2.5	88	1:2
MANGALAM CEM,10	03/90	7.11	11.04	25.53	33.50	38.00	19.50	1.1	1.0	30.5	22.5	6.7		
MANGALORE CHEM,10	03/89	19.97	0.17	10.09	17.00	25.00	16.00	-16.3	-9.8			4.3		
MASTERSHARE,10	06/89	225.00	280.60	22.47	21.00	21.50	15.25	8.3		2.5	18.0	8.6		
MATHER PLATT,10	03/89	23.04	8.12	13.52	33.00	60.00	32.00	1.9	0.8	17.4	16.0	4.8	87	3:5
MAX INDIA,10	03/90	2.79	6.17	32.11	70.00	87.00	67.50	5.5	2.0	12.7	30.0	4.3		
MAZDA INDUST,10	11/89	4.32	2.64	16.11	8.00	12.50	8.00	-0.7				14.1		
MCDOWELL,10	03/89	7.68	25.89	43.71	73.75	106.25	70.00	14.7	4.8	5.0	20.0	2.7	86	1:1
MCLEOD RUSSEL,10	09/89	6.25	22.38	45.81	89.00	115.00	63.75	6.2	5.2	14.4	45.0	5.1	89	3:5
METAL BOX,10	03/89	14.68	-12.54	1.46	6.75	9.37	5.75	-12.8	-4.4				67	1:2
MILES INDIA,10	03/90	1.28	2.08	26.25	82.50	130.62	82.50	4.4	1.4	18.8	20.0	2.4	89	1:1
MILKFOOD,10	03/89	1.14	4.49	49.39	132.50	312.50	130.00	13.4	-25.1	9.9	30.0	2.3	87	1:1
MODI INDUSTRIES,10	03/89	3.30	23.65	81.67	18.00	30.00	17.00	-52.8	-1.6			3.2	69	1:5
MODI RUBBER,10	03/89	10.38	52.50	60.58	65.00	98.00	47.00	14.2	-2.8	4.6	25.0	3.8	84	2:5
MODI XEROX,10	03/89	19.46	6.50	13.34	65.00	73.00	54.00	2.4	0.5	27.1	11.0	1.7		
MOTOR INDUST,100	12/89	38.05	56.44	248.33	805.00	1100.00	580.00	38.4	19.4	21.0	14.0	1.7	86	1:1
MRF,10	03/90	3.86	44.85	126.19	222.50	390.00	185.00	32.4	19.2	6.9	90.0	4.0	75	1:2
MUKAND IRON,10	03/89	14.74	80 22	64.42	132.00	153.00	122.00	15.8	5.2	8.4	20.0	1.5	88	1:2
MYSORE CEMENT,10	06/87	18.22	22.61	22.41	19.00	28.00	18.00	1.1	1.2	17.3	17.5	9.2	85	2:5
NAGAR FINANCE,10	03/89	2.44	3.76	25.41	13.50	24.00	11.00	5.4	3.2	2.5	35.0	25.9		
NATION PEROXIDE,100	03/89	2.30	9.02	492.17	800.00	1175.00	675.00	-48.6	-17.8		6.0	0.8		
NATIONAL RADIO,100	12/88	6.98	2.77	139.68	350.00	425.00	180.00	14.9		23.5				
NESTLE,10	12/89	36.62	5.70	11.56	115.00	128.00	89.29	3.9		29.5	30.0	2.6	89	3:5
NIRLON,10	03/89	15.76	-23.74	-5.08	14.00	20.50	8.50	-22.0	-9.1				82	1:2
NOCIL,100	03/90	36.00	109.85	405 14	1260.00	1560.00	930.00	117.3	55.5	10.7	40.0	3.2	86	1:2
ORISSA CEMENT,10	03/89	5.40	31.50	68.33	40.00	42.00	32.00	-14.3	0.5		20.0	5.0	87	1:1
ORKAY 10	03/90	66.29	51.65	17.79	16.50	21.00	13.50	0.2		82.5		17.5		
OSWAL AGRO,10	06/89	98 72	81.67	18.44	32.50	90.00	32.50	2.8	2.1	11.6	50.0	15.4	87	3:5
OSWAL FURANE,10	12/88	18.00	0.00	10.00	22.00	52.00	22.00	0.3		73.3				
OTIS ELEVATORS,10	03/89	5.37	15.02	37.97	225.00	260.00	175.00	10.4	3 5	21 6	40.0	1.8	85	1 1
PARKE DAVIS,10	03/90	7.53	4.08	15.42	105.00	133.25	67 00	6.9	2.6	15.2	35.0	3.3	78	3:5
PEICO,10	03/90	33.32	40.09	22.03	35 50	35.50	16.50	2.0		17 8	10.0	2.8	82	1:5
PFIZER,10	11/89	11.72	15.87	23.37	88.00	107.50	58.00	2.3		38.3	15.0	1.7	77	4:5

Company	Year	Equity	Re-	Book	Price	52 weeks		EPS in Rs		PE	Divi-	Yield	Bonus	
Face value	Ended	Rs Cr	serves Rs Cr	value Rs	15.6.90	High	Low	Year	Half-yr	Times	dend %	%	Year	Ratio
POLYCHEM,10	03/90	6.00	11.90	29.83	77.00	86.00	56.70	11.5	6.8	6.7	25.0	3.2	89	2:3
POLYOLEFINS,100	03/90	19.30	63.99	431.55	1075.00	1485.00	1050.00	94.0	49.2	11.4	35.0	3.3	88	1:2
PONDS,10	12/89	6.68	18.78	38.11	235.00	245.00	153.75	9.1		25.8	37.5	1.6	87	1:1
PREMIER AUTO,10	06/89	22.75	112.26	59.35	57.50	73.50	48.50	6.4	1.8	9.0	45.0	7.8	86	1:1
PROCTER & GAM,10	06/89	6.68	11.68	27.49	196.00	230.00	175.00	9.4	5.3	20.9	30.0	1.5	88	4:5
PSI DATA,10	03/89	6.50	-5.27	1.89	14.50	19.00	10.50	-13.1				11.0		
RALLIS,10	03/89	9.52	33.44	45.13	82.50	133.00	65.00	8.7	3.1	9.5	25.0	3.0	77	3:1
RANBAXY,10	03/90	8.95	16.22	28.12	99.00	105.00	75.00	8.4	5.0	11.8	27.5	2.8	88	2:5
RAYMONDS,10	03/89	22.47	67.19	39.90	91.00	93.50	65.00	9.6	2.0	9.5	20.0	2.2	87	1:1
RECKITT COLMAN,10	12/89	8.40	22.44	36.71	215.00	242.50	172.50	9.5	4.8	22.6	40.0	1.9	88	1:1
REGENCY CERAMIC,10	03/89	5.61	0.25	10.45	17.00	22.50	13.50	0.9	0.7	18.9				
RELIANCE PETRO	03/89	86.47	0.48	10.06	22.00	52.00	28.00	0.6		36.7	18.0	8.2		
RELIANCE,10	03/89	152.11	913.40	70.05	62.50	133.00	51.50	7.0	4.4	8.9	30.0	4.8	83	3:5
REMINGTON,10	03/90	2.67	4.34	26.25	42.50	75.00	40.00	3.3	1.8	12.9	20.0	4.7	86	1:2
REVATHI C.P,10	06/89	1.60	3.68	33.00	75.00	100.00	67.00	5.5	4.6	13.6	20.0	2.7	87	1:1
RHONE-POULENC,10	03/89	4.50	10.47	33.27	75.00	93.75	63.75	7.0	2.3	10.7	15.0	2.0		
ROCHE PRODUCTS,10	12/88	4.81	6.23	22.95	63.00	89.00	27.00	3.3	1.9	19.1	15.0	2.4	80	1:3
ROSS MURARKA,10	12/88	4.64	3.29	17.09	16.50	24.00	12.00	3.1	1.5	5.3	18.0	10.9		
S.I.VISCOSE,100	03/89	11.03	21.19	292.11	1375.00	1520.00	740.00	116.9	81.4	11.8	35.0	2.5	87	1:2
SAMTEL INDIA,10	03/89	3.57	11.06	40.98	29.00	87.50	23.50	9.1	-5.1	3.2	25.0	8.6	88	1:3
SANDOZ,10	12/89	5.30	24.68	56.57	152.50	177.50	98.50	11.2		13.6	18.0	1.2	90	1:2
SANDVIK ASIA,100	12/89	5.78	7.54	230.45	610.00	800.00	610.00	43.9		13.9	25.0	4.1	84	1:1
SCINDIA,20	06/88	18.95	-40.86	-23.12	9.50	16.00	6.50	-23.6					77	2:5
SEARLE,10	03/90	7.82	11.94	25.27	130.00	147.50	90.00	5.3		24.5	21.0	1.6	88	1:2
SESA GOA,10	03/90	5.15	9.80	29.03	90.00	107.00	35.00	6.7	9.5	13.4	14.0	1.6	86	2:5
SHAW WALLACE,10	03/90	12.00	27.76	33.13	89.00	98.00	67.00	11.7	6.4	7.6	30.0	3.4	87	1:1
SHRIRAM FIBRES,10	09/89	10.33	22.69	31.97	54.00	94.00	50.00	4.2		12.9	18.0	3.3	82	1:2
SIEMENS,10	03/90	20.77	61.17	39.45	108.00	116.00	65.00	4.4		24.5	30.0	2.8	86	1:4
SILTAP CHEMICAL,10	03/89	1.80	-0.76	5.78	68.75	75.00	42.50	-8.5	-3.4					
SIPTA COATED,10	03/90	17.59	12.40	17.05	17.50	30.00	14.00	1.4		12.5	15.0	8.6		
SKF BEARINGS,100	03/89	24.70	35.39	243.28	1495.00	1500.00	1140.00	68.0	27.9	22.0	30.0	2.0	89	1:1
SOUTHERN PETRO,10	03/89	34.00	274 92	90.86	57.75	62.25	43.00	3.3	1.3	17.5	20.0	3.5	86	1 1
SPARTEK,10	03/89	4.56	5.91	22.96	61.00	81.25	60.00	6.2	3.8	9.8	25.0	4.1	89	3:5
SPECIAL STEEL,10	03/89	11.39	14.36	22.61	122 50	125.00	91.25	10.4	5.2	11.8	25.0	2.0	89	1:2
STANDARD IND,10	03/89	11.06	37.68	44.07	84.00	84.00	27.00	2.5	1.7	33.6	20.0	2.4	82	2:5
STANDARD MOTOR,10	03/88	4.37	3.98	19.11	11.00	13.00	8.00	-18.1				15.8	85	1:1
STRAW PRODUCTS,10	03/90	10.14	73.61	82.59	89.00	103.00	74.00	7.2	4.5	12.4	20.0	2.2	72	1:2
SU-RAJ DIAMOND,10	03/90	7.66	9.72	22.69	56.00	98.00	49.00	14.2	9.4	3.9	20.0	3.6		
SUND CLAYTON,10	05/89	9.48	23.99	35.31	45 00	73.00	44.00	4.9	1.1	9.2	25.0	5.6	87	2:3
SUND FASTENERS,10	03/90	5.10	9.80	29.22	76.00	85.00	67.50	9.3	4.6	8.2	25.0	3.3	88	3:5
SUND FINANCE,10	03/89	6.00	16.22	37.03	78.50	84.00	60.00	10.9	4.5	7.2	30.0	3.8	86	1:1
SUPREME INDUST,10	06/89	2.27	13.47	69.34	282.50	300.00	190.00	14.4	9 7	19.6	45.0	1.6	87	1:1
SWAD POLYTEX,10	03/90	3.90	11.77	40.18	41.00	54.00	30.50	4.6	1.3	8.9	15.0	3.7		
SYNTH & CHEM,10	03/90	11.42	9.75	18.54	51.50	80.00	49.00	4.3	0.9	12.0	25.0	4.9		
TATA CHEMICALS,10	03/90	49.17	208.92	52.49	115.50	132.00	115.00	8.3	3.3	13.9	31.0	2.7	89	1:2
TATA LOCO,10	03/89	103.67	308.74	39.78	139.00	150.50	82.38	6.8	0.9	20.4	25.0	1.8	82	2:5
TATA OIL,25	03/90	8.11	25.19	102.65	155.00	160.00	56.25	16.5		9.4	18.0	2.9	90	1:5
TATA POWER,100	03/88	21.22	68.24	421.58	582.50	617.50	320.00	89.1	60.8	6.5	16.0	2.7	75	1:5
TATA PRESS,10	03/89	1.57	6.34	50.38	64.00	72.50	47 50	5.3	1.9	12.1	22.0	3.4		
TATA STEEL,10	03/89	230.14	645.53	38.05	117.75	154.25	103.25	6.7	2.9	17.6	30.0	2.5	88	2:5
TATA TEA,10	03/90	17.10	78.79	56.08	208.00	207.00	153.50	24.3	12.1	8.5	50.0	2.4	88	3:5
TATA UNISYS,10	03/89	4.38	4.92	21.23	82.50	90.00	67.50	4.4	2 8	18.8	27.5	3.3	87	2:5
TEXMACO,10	03/90	1.87	11.08	89.14	33.00	68.00	33.00	-87.0						
TINPLATE,10	03/89	10.14	11.11	20 96	30.00	42.00	27.50	4.3		7.0	15.0	5.0		
TUBE INVESTMENT,10	03/90	6.71	28.62	52.65	71.25	73.75	61.00	6.7	3.1	10.6	24.0	3.4	85	1:3
TUTICO ALKALIES,10	03/89	12.94	-2.63	7.97	13.00	19.00	11.00	0.9	-0.8	14.4		44.4		
TVS SUZUKI,10	03/89	23.10	-5.50	7.62	13.00	17.00	11.00	1.3		10.0				
TWENT.CENT,10	03/90	8.88	12.44	24.01	27.75	34.00	21.00	4.5		6.2	22.0	7.9	88	2:5
U.B.LTD.,10	06/88	4.00	9.53	33.82	67.00	70.50	36.50	7.1		9.4	20.0	3.0	86	1:1
UNION CARBIDE,10	03/89	32.58	38.04	21.68	26.00	29.00	19.75	1.4		18.6		5.3	80	1:2
UNIT PHOSPHORUS,10	12/87	2.80	2.66	19.50	48.75	76.25	37 00	0.4	-1.1	121.9	10.0	2.1		
UPCOM CABLES,10	03/89	5.92	1 88	13.18	17.50	53.00	17.50	4.3	-0.8	4.1	20.0	11.4		
VAM ORGANIC,10	03/90	5.16	20.35	49 44	122 50	174 00	122.50	15.7	8.7	7.8	35.0	2.9		
VARELI,10	03/88	7 29	13.49	28.50	20.00	30.00	20.00	5.7	0.7	3.5	22.0	11.0		
VIDEOCON INT,10	03/90	4.23	6.91	26 34	255.00	271 25	95.00	66.2	49.7	3.9	40.0	1.6		
VINDHYA TELE,10	03/90	3.90	11 45	39.36	80.00	130.00	78.75	8.0		10 0	22.5	2.8		
VOLTAS,100	03/90	19.85	41.62	309.67	79.00	79.00	54.03	9.2	5.8	8.6	24.0	30 4	89	1 2
VST INDUSTRIES,10	03/90	9.65	16.71	27.32	52.50	57.00	30.00	6.1	2.8	8.8	30.0	5.7	89	3:5
WALCHAND 100	09/88	3 00	2.46	182.00	23 75	27 50	14 00	2 0		11 9			82	1 2
WARREN TEA,10	03/90	3 90	11.49	39.46	105 00	115.00	46.25	20.9	4.0	5 0	50.0	4.8	89	1 1
WIMCO,10	03/89	13.58	5.34	13 93	20 75	31 00	15 50	9.7	-2.8				70	1:5
Z F STEERING,10	03/89	2.25	1.02	14.53	47 00	59.00	43.00	2.6	1.1	18.1	10.0	2.1		
ZENITH,10	12/88	9 15	17.20	28 80	36 00	63 00	36 00	5 2	3 1	6.9	30.0	8.3	87	1 4
ZUARI,10	03/89	12 43	57 09	55 93	62.00	77 00	55.00	4.8	-2 3	12.9	35 0	5.6		

Note EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding EPS half year after tax earnings per shares for six months taking into account announced half yearly profits PE ratio of market price to after tax per share. Yield: dividend as a percentage of market price

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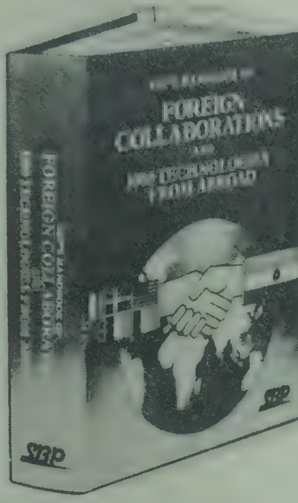

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DEPOSITS

Company fixed deposits (current for July 1990)

Name of the company	Minimum Amount	Rate of interest % 1 year	2 year	3 year
ACC	3000	11.5	12.5	14.00
APPLE IND.	6000	-	14.00	14.00
ARUNA SUGARS	2000	14.00	14.00	14.00
AEGIS CHEMICALS	2000	14.00	14.00	14.00
ASHOK LEYLAND	2000	-	13.75	14.00
AMAL RASAYAN	3000	13.00	13.50	14.00
AMFORGE INDIA	3000	13.00	14.00	14.00
BERGER PAINTS	3000	12.00	13.00	14.00
BAJAJ HIND	1000	-	13.00	14.00
BLUE BLENDS	3000	-	13.00	14.00
BOROSIL GLASS	3000	-	13.00	14.00
BOMBAY DYEING	3000	9.50	13.00	14.00
BIHAR SPG IRON	2000	14.00	14.00	14.00
BAJAJ AUTO	5000	-	-	14.00
BSES	5000	12.00	13.00	14.00
BLOW PLAST	2000	-	14.00	14.00
BHARAT GEARS	2000	14.00	14.00	14.00
20TH CENTURY	1000	13.00	13.50	14.00
CEAT TYRES	3000	-	12.50	14.00
CAMPHOR ALLIED	2500	12.50	13.50	14.00
CAPRIHANS	3000	-	14.00	14.00
CHEM & PLASTICS	2000	-	-	14.00
COLOURCHEM	3000	10.50	13.00	14.00
COSMO FILMS	3000	14.00	14.00	14.00
C.P. TOOLS	4000	12.00	13.00	14.00
DCW LTD	3000	12.50	13.50	14.00
ESSAR SHIPPING	3000	-	13.00	14.00
EMPIRE INDUS.	1000	-	-	14.00
FULFORD	3000	-		14.00
FOODS & INNS	2000	13.00	14.00	14.00
GENELEC	3000	13.50	14.00	14.00
GUJ FILAMENTS	1000	14.00	14.00	14.00
GUJ HEAVY CHEM	3000	13.50	14.00	14.00
GODFREY PHILIPS	3000	12.50	13.00	14.00
HOECHST	5000	-	-	14.00
HIND RECT	3000	14.00	14.00	14.00
HIND SUGAR	2000	-	13.00	14.00
HINDUSTAN LEVER	5000	-	-	14.00
HARITA FIN	2000	-	13.50	14.00
INDROL LUBRICAB	5000	-	-	14.00
ITC	5000	-	-	14.00
INSTRUMENT	1000	10.50	11.50	13.00
INDIA CEMENTS	3000	13.00	14.00	14.00
INDIAN PLYWOOD	1000	13.50	14.00	14.00
INCAB	2000	13.00	13.50	14.00
IVP	3000	-	14.00	14.00
INTEGRATED FIN	1000	-	14.00	14.00
INDIA PHOTO COM	3000	-	-	14.00
JK IND	2000	13.00	13.50	14.00
JK SYNTHETICS	3000	14.00	14.00	14.00
KOTHARI SUGARS	3000	13.00	13.50	14.00
KREST LEAS.	3000	-	14.00	14.00
KINETIC ENGG	3000	-	13.00	14.00
KELVINATOR	2000	12.50	13.50	14.00
KIRLOSKAR PNEU.	3000	13.00	13.50	14.00
KIRLOSKAR COM.	3000	12.00	13.00	14.00
L&T	3000	11.00	12.50	14.00
LUPIN LABS	4000	13.00	14.00	14.00
MUKAND	3000	11.00	12.50	14.00
MAHIN & MAHIN	2000	11.00	13.00	14.00
MODI XEROX	2000	13.50	14.00	14.00
MRF	1000	12.50	13.50	14.00
MCLEOD RUSSEL	4000	-	13.00	14.00
MCDOWELL	3000	12.00	13.50	14.00
MYSORE PETRO	1000	13.00	13.50	14.00
NAGARJUNA STEEL	2000	14.00	14.00	14.00
NAGARJUNA FIN	2000	14.00	14.00	14.00
NEEDLE ROLLER	2000	-	13.00	14.00
POLYCHEM	2000	13.00	13.50	14.00
PHILIPS CARBON	1000	13.00	13.50	14.00
PRAKASH PIPES	2000	14.00	14.00	14.00
PREMIER AUTO	1000	13.00	14.00	14.00
POYSHA INDIA	4000	-	-	14.00
PUDUMJEE PULP	3000	12.50	13.00	14.00
RANBAXY	5000	13.00	14.00	14.00
RELIANCE	5000	-	-	14.00
RATHI ALLOYS	3000	14.00	14.00	14.00
REVATHI C.P.	1000	13.00	13.50	14.00
SAE	3000	13.50	14.00	14.00
SOUTH INDIA VIS	3000	14.00	14.00	14.00
SIEMENS	5000	14.00	14.00	14.00
SESA GOA	2000	13.00	13.50	13.00
SAIL	5000	10.50	11.50	13.00
SHAW WALLACE	3000	-	13.00	14.00
STRAW PRODUCTS	3000	13.00	13.50	14.00
SRIRAM FIBRES	2000	-	13.50	14.00
TCI	2000	14.00	14.00	14.00
THAPAR AGRO	1000	14.00	14.00	14.00
TATA FINANCE	5000	-	-	14.00
TATA CHEMICALS	10000	-	-	14.00
UPTRON	3000	-	13.50	14.00
UNITECH	5000	14.00	14.00	14.00
VARELI TEXT	3000	12.00	13.00	14.00
VAZIR GLASS	-	2000	14.00	14.00
V.B. DESAI FIN	2000	14.00	14.00	14.00
VIP INDUS	2000		14.00	14.00
WESTERN INDIA	2000	14.00	14.00	14.00
WS INDUS	2000	13.50	14.00	14.00.

Cumulative deposit scheme (current for July 1990)

Name of the company	Minimum Deposit	Maturity amount	Period (years)	Annual compound rate of interest (%)
ACC	3000	4503	3	14.90
ASEA	3000	4533	3	14.93
APOLLO TYRES	3000	4555	3	14.94
ARUNA SUGARS	2000	3030	3	14.85
AEGIS CHEMICALS	2000	3044	3	14.87
ASHOK LEYLAND	2000	3025	3	14.63
AMFORGE INDIA	3000	4533	3	14.59
BIHAR SPONGE	2000	3036	3	14.94
BERGER PAINTS	3000	4533	3	14.93
BATA	3000	4503	3	14.90
BAKELITE HYLAM	2000	3030	3	14.85
BLUE BLENDS	3000	4533	3	14.93
BAJAJ AUTO	5000	7505	3	14.49
BENETT COLEMAN	3000	4533	3	14.93
BHADRACHALAM P.	3000	4554	3	14.79
20TH CENTURY	1000	1516	3	14.93
CAPRIHANS	3000	4553	3	14.94
DCW LTD	3000	4533	3	14.93
DUNCANS AGRO	2000	3036	3	14.93
EMPIRE FIN	1000	1522	3	15.04
ESCORTS	3000	4500	3	14.90
ESSAR SHIPPING	3000	4533	3	14.75
FIRST LEASING	1000	1518	3	14.93
FOODS & INNS	2000	3022	3	14.59
GUJARAT FIL	1000	1512	3	14.74
GTC IND	3000	4533	3	14.93
GODFREY PHILIPS	3000	4533	3	14.75
GKW	2000	3036	3	14.77
HIND CONST	3000	4533	3	14.93
HIND ALLOYS	3000	4533	3	14.93
HIND RECT	3000	4566	3	14.94
HARRISON MALY.	3000	4533	3	14.59
ITC	5000	7555	3	14.75
INDIA CEMENT	3000	4542	3	14.85
ICI LTD	4000	6044	3	14.59
JAYANT.VITAMINS	3000	4503	3	14.90
J.K. SYNTHETICS	3000	4500	3	14.47
J.K. INDUSTRIES	2000	3022	3	14.90
KANORIA CHEM	3000	4533	3	14.93
KOTHARI SUGARS	1000	1518	3	14.93
KREST DEVELOP.	1000	1518	3	14.93
KELVINATOR	2000	3036	3	14.94
KIRLOSKAR INV	2000	3036	3	14.94
LUPIN LABS	4000	6072	3	14.93
L&T	3000	4468	3	14.20
MGF (INDIA)	2000	3036	3	14.93
MODI XEROX	2000	3036	3	14.93
MCLEOD RUSS	4000	6044	3	14.74
MODERN THREADS	2000	3036	3	14.93
MODERN SYNTEX	1000	1511	3	14.74
NAGARJUNJA STEEL	2000	3036	3	14.93
NAGARJUNJA FIL	2000	3036	3	14.94
NAMDANG TEA	4000	6044	3	14.74
PARAS SYNTH	3000	4560	3	14.98
PEICO	3000	4502	3	14.49
PHILIPS CARB	1000	1511	3	14.74
PRECISION FAST	2000	3022	3	14.90
PADAMJEE PULP	3000	4533	3	14.75
PREMIER AUTO	3000	4554	3	14.94
PREMIER CONST.	3000	4533	3	14.93
PL FIN & INV	1000	1518	3	14.93
POYSHA IND	4000	6072	3	13.39
RAPICUT CARB	2000	3036	3	14.94
RANBAXY	5000	7555	3	14.75
RATHI ALLOYS	2000	3040	3	14.98
RELIANCE	5000	7550	3	14.75
REGENCY CERAMICS	3000	4533	3	14.75
SAKTHI FINANCE	5000	1518	3	15.03
SOUTH VISCOSE	3000	4533	3	14.75
SAIL	2000	2950	3	14.34
SHRIRAM FIBRES	2000	3022	3	14.75
STRAW PRODUCTS	3000	4533	3	14.75
SESA GOA	3000	4553	3	14.94
SHOPPERS INV.	1000	1522	3	15.04
SAE	3000	4555	3	14.94
THAPAR AGRO	3000	4533	3	14.75
TATA TELECOM	5000	7504	3	14.49
TATA CHEMICALS	5000	7500	3	14.49
UPCOM CABLES	3000	4533	3	14.75
UNIPLAS	3000	4555	3	14.78
USHA ALLOYS	3000	4554	3	14.93
UPTRON	3000	4553	3	14.94
VARELI TEXT	1000	4535	3	14.75
VIP IND	2000	3022	3	14.90
WESTERN HATCHER	2000	3036	3	14.93
WESTERN INDIA	1000	1518	3	14.93
WS INDUS	2000	3022	3	14.75
WIPRO LIMITED	4000	6003	3	14.49
ZUARI AGRO	2000	3037	3	14.91

Note: The above list is a selection of companies which accept deposits from their shareholders or from the public. Public limited companies offer lower rates than many sound private limited companies or partnership firms. Readers are advised to take suitable professional advice.

Off the mark

No one managed to strike gold this time, as most of the entries for IC 318 were wide off the mark. Some of you were right in giving Century Enka the top ranking though the rest did not tally. Happy speculating!

Scrips	Prices as on Friday 4 May 1990 (Rs.)	Prices as on Friday 1 June 1990 (Rs.)	Ranks
Century Enka	3450.00	3800.00	1
Colgate	205.00	218.75	2
Indrol	222.50	226.25	5
L&T	70.00	72.50	3
Reliance Ind	65.50	64.50	6
Tea Estates	147.50	150.00	4

Given below is a new list of six scrips, and their closing prices on 18 June 1990. Pick the share that you think will rise the most in percentage terms by 16 July 1990 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest, you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 16 July 1990. You don't have to tell us either the prices or even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

Rules:

1. There is no entry fee.

2. The price mentioned last in the official quotation list will be taken as correct for purposes of calculation. If the stock exchange remains closed on the stated last day, the closing price on the prior day will be used.

3. Entries must be on the printed form given below. Any other entries will be disqualified.

4. Only one entry will be permitted per form.

5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 9 July 1990.

6. **Business India**'s decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.

7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.

8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

✂

Name of scrip	Prices as on Monday 18 June 1990 (Rs.)	Rank as on Monday 16 July 1990 (please fill in number)
Asian Paints	229.25	______
Bombay Dyeing	227.00	______
DCW	68.00	______
Hoechst	1765.00	______
Telco	139.00	______
Warren Tea	103.75	______

Name: ______

______

Address: ______

______

______

Age: ______

Profession: ______

Date: ______

IC321

A venturesome professional

K.S. Nadkarni, *38, is president TDICI*

In a country which has only a handful of experts in venture capital funding, K.S. Nadkarni, president, Technology Development Information Company of India Ltd (TDICI), stands out as one of those rare professionals who has achieved distinction fairly quickly.

A chemical engineer from IIT Kanpur, Nadkarni worked for a year (1973-74) in a private partnership firm manufacturing chemical process equipment, as a design engineer. From December 1974 to March 1977, he was with the Pune-based Kirloskar Consultants Limited, as their project engineer. He joined ICICI in 1977 as a project officer, and after nine years, took charge of ICICI's venture capital operations — the conceptualisation and promotion of venture capital business, as well as project appraisal and monitoring. Under his charge, this wing of ICICI handled nine projects and sanctioned a sum of Rs.4 crore. Seven of these projects have been transferred to TDICI which was incorporated in January 1988.

Six months after TDICI came into being, Nadkarni took over as chief of technology (venture finance) at its Bangalore headquarters. His visit to Korea to examine the venture capital operations of the Korea Technology Development Finance Corporation and his interaction with American venture capital companies in the US in the intervening six months proved very useful.

Uncanny ability. At TDICI today, he is the major decision maker. The success of projects like the second venture fund (Vecaus II), totalling Rs.100 crore, depends very much on his abilities of management. With an uncanny ability to discern business opportunities, he keeps a close watch on developments in the capital market, which can affect TDICI's surplus fund management. Also, at TDICI, he has to deal mostly with hi-tech companies which means updating his knowledge-base. And always Nadkarni has responded to such challenges admirably.

Asked about the new venture capital project, he says, "Picking up such a project would depend on: the background of the entrepreneur, the ability of the company to grow quickly in a field where others will find competition difficult and the products of the company which should have unique selling points and a long term sustainable edge."

Under Nadkarni, TDICI has concentrated on development of long-gestation technology projects, sanctioning Rs.34 crore for such ventures. (Rs.19.5 crore and Rs.11.4 crore from the first and second funds respectively.) In the first year of operation (8-month period) TDICI's total income was nearly Rs.45 lakh while profits amounted to Rs.2.5 lakh. In its second year (12-month period) earnings were Rs.125 lakh and the profit Rs.49 lakh. TDICI now hopes to declare a maiden dividend.

TDICI's finances are proffered to growth areas such as bio-technology, food processing technology, computers, mechanical equipment/systems etc. The company also plans to tap the services industry, which, Nadkarni feels "offers a lot of opportunities."

Today, Nadkarni is busy working out a mechanism for converting TDICI's conditional loans into re-purchasable equity as the current rate of return on conditional loans is 30 per cent. As per estimates, the failure rate of the companies funded by TDICI are not high for the simple reason that risks involved are moderate.

Always cheerful and unassuming, Nadkarni works six days a week. He listens to suggestions and honours his colleagues' decisions, which, in a new organisation like TDICI, matters a great deal.

■ DEVAPRASAD PUROKAYASTHA

FRONTRUNNERS

A chemical engineer from the Bombay University and a management graduate from IIM Calcutta, **Tarun Malkani,** 31 finds his present job as a corporate manager at Bayer India challenging where he has to implement the philosophy of thinking of tomorrow, today. Malkani, who specialised in marketing and finance, started at the EXIM Bank in 1984. Not very happy as a banker, he resigned a year later when an offer came to join Bayer India as the executive assistant to the managing director. His primary task here was to set up the company's corporate planning department.

Early this year, he was promoted to head the department. Malkani had the difficult task of starting the corporate planning department in the company. "Being in marketing I have the tough job of selling ideas and predicting economic conditions in the Indian environment, he says "But nevertheless, it is very satisfying." — MH

In a culture that tends to reward age rather than ability, thirty-six-year-old **G.M. Ajit** stands out as one of the youngest deputy general managers at the public sector HMT. A PhD in CNC systems from the University of Cochin, Ajit took his B.Tech and MS in electronics from IIT Madras. In 1975, he joined HMT where he has been ever since. Says Ajit, "The main reason I continue to be with HMT is that presently I am overseeing a very important project — designing advanced CNC systems for factory automation."

No other Indian company has opted for such systems which have a promising domestic and export market. "For HMT, these systems will be the first to be indigenously made and will also be more complicated than the ones developed earlier by HMT in collaboration with Siemens," he promises. — DP

He was in the hotbed of politics, when he was principal secretary to the then prime minister Indira Gandhi, a few years ago. Later this vital decision-maker became a high-flying diplomat when he was appointed high commissioner to the UK. And finally, he donned the gubernatorial robes in Tamil Nadu just before retirement.

Now that he has laid down office, **P.C. Alexander,** the suave bureaucrat - turned - diplomat-turned-governor has taken on a new task. He has decided to devote all his energies to writing a book on his years with Indira Gandhi. Alexander explains that the basic idea of the book will be to set a few records straight. In addition, he will be churning out 15 articles on his association with Indira Gandhi by the end of this month, for a group of newspapers. The following month, he plans to write on current affairs for a few more newspapers.

He plans to catch up with his book which "was started in London," in July-August. However, he has not decided on the publisher yet. Any takers?

Having braved the onslaught of K.P. Unnikrishnan, the erstwhile minister of communications, **Satyen Pitroda,** the chairman of the Telecom Commission, has of late been maintaining a low profile. The once-busier-than-thou 'hi-tech' Pitroda was recently spotted at the graduation ceremony of the National Defence Academy (NDA) at Khadakvasla near Pune.

Presenting bachelor's degrees to 331 cadets who passed the 78th course of the country's premier military institution, he still didn't fail to make his point at the convocation. "Good warning systems and dependable communications could make the difference between victory and defeat in modern warfare," he said.

Ergo, telecommunications and hence C-Dot is vital for the nation.

Arun Kirloskar, chairman of Kirloskar Cummins Ltd, is a man rarely seen at public functions. Recently, however, he decided to bypass his rule for a good purpose, when he accepted an invitation to be the chief guest at a function organised by the Savarkar Rashtriya Smarak in Bombay. The organisation, formed in memory of the freedom fighter, Veer Savarkar, gives away awards and citations to people excelling in the fields of social service, politics and defence.

Kirloskar received a big hand at the function when, on behalf of Cummins Engine Company of USA, and the Cummins Diesel Sales and Service (India) Ltd, he presented a cheque for Rs.12.5 lakh to "support and encourage the fine work undertaken by the Smarak". A fitting tribute indeed to Veer Savarkar in his death centenary year.

Racecourses in this country will soon have a new player in **G.C. Dobby,** the newly appointed chief executive of Hongkong and Shanghai Banking Corporation of India. When he took charge in early April this year in Bombay, Dobby was excited about visiting the other three metros in the country. The excitement was all the more because of the knowledge that he could let himself go on the course after the day's work. Based in Bombay which is close to Pune, another racing circuit, is an added attraction. One wonders if it was this horse sense that made Dobby accept the Hongkong Bank's CEO's post in India.

Emperors and princes royal of yesteryear have given way to corporate kings and political bigwigs as patrons of the arts. The latest example of such sponsorship is Odissi dancer **Protima Bedi's** dream project Nrityagram, a dance school based on the *gurukula* concept at Hesarghatta near Bangalore. The sprawling 10-acre campus of the village was sanctioned by former Karnataka chief minister Ramakrishna Hegde, presently deputy chairman of the Planning Commission. Protima also roped in ITC and Vijaypat Singhania of Raymonds. While the former sponsored four festivals for Nrityagram costing nearly Rs.18 lakh, Singhania bore the cost — Rs.5 lakh — of establishing one of the seven gurukulas at the school.

The total cost of the Nrityagram project is Rs.1.5 crore and Rs.14 lakh has already been spent on it. The dance school authorities hope to have a corpus fund of Rs.2 crore which may be invested in a mutual fund, and the earnings from this will be used for maintaining the school. It requires nearly Rs.8 lakh a month to run the school.

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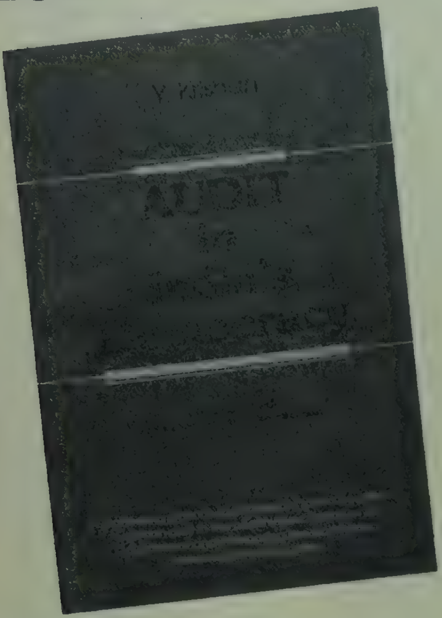

AUDIT IN INDIA'S DEMOCRACY
by V. Krishnan
Clarion Books, 1990, pp 167, Rs.160

Before one discusses the merits and demerits of this book it must be stated that discussion on areas of public policy and government, which are rarely written about, should be encouraged and welcomed as significant contributions to literature on our evolving polity. Unfortunately, few bureaucrats, after holding high positions, have the confidence to conduct and publish an analysis of their office, clearly outlining its limitations and suggesting possible scope for improvement. Yet, often, only those who have served long in public office develop deep insights into the nature and scope of administration, which puts them in the best position to comment on the limitations of their office and the opportunity for reform.

The other advantage of such advice from people who have been within the administration is that both ministers and bureaucrats are willing to listen to it. On the other hand, equally sound advice, if it emanates from universities or political scientists is usually dismissed.

Not very popular

The office of the Comptroller and Auditor General (CAG) has received much prominence through the report published on the acquisition of the Bofors gun. Hitherto, the CAG was widely seen to have a largely negative role — that of finding fault in retrospect. Perhaps it is precisely such an image that made many politicians often attribute their own lack of dynamism solely to the possibility of audit by the CAG's office.

Auditors aren't very popular people. Yet, audit and the CAG's office is characterised in this book, and rightly so, as the fourth pillar of the constitution; after Parliament, the judiciary and the press. Like these institutions it has substantial potential for making the government accountable by auditing expenditure. The most important function is that public audit through the CAG helps to underpin and ensure parliamentary accountability of administration. The reports of the CAG are automatically remitted to the Public Accounts Committee (PAC) and the Committee on Public Undertakings (COPU).

It is however a sad comment on our present polity that such institutions are neglected. Few politicians evince any desire to be associated with it and come to grips with the administration through it. The chairmanship of the PAC, for example, which is normally held by an opposition leader, was declined by Rajiv Gandhi when offered to him recently.

In a democratic set up, there is also a great temptation for the political and the permanent executive (bureaucracy) to misuse the resources of the state, or of the public for personal and party ends

In contrast, Westminster politicians are more than anxious to serve on these committees as it gives them an important opportunity to understand the workings of government. After all, the primary purpose of Parliament in England was to place a check on expenditure and, historically, Parliament was convened for the purpose of providing sanction to granting monies to the executive. It is, however, a reflection of the low esteem our legislatures are held in, that this aspect is rarely discussed.

But what do we mean by audit? Is audit confined to spotting unwisdom and avoidable inefficiency in financial matters? Or should it, as a prominent CAG of England opined, be of a wider nature: full external and public accountability "for the efficient use of manpower, equipment, buildings and other assets provided out of the public purse for the conduct of public services; for in a word, the overhead expenses of government"? If we take the wider view, then it is evident that this apolitical and impartial arm of the government will involve itself in resolving or seeking to resolve a host of unsolved problems.

Problem of adaptation

Currently, the crux of our auditing problem seems to be that of adapting an auditing process that was created for an age when government expenditure was minimal and confined to few spheres (upkeep of the army, running a postal system, etc.), to the present needs of a government that is responsible for large scale intervention in economic life as well as distribution of subsidies. And this problem is far from solved. That this auditing process proved useful in checking the government on Bofors should not obscure the very real limitations the CAG's office suffers from.

The author is not insensitive to these problems. He not only outlines the CAG's limitations but, in typical bureaucratic fashion, even classifies them; jurisdictional — that government finance corporations such as LIC, nationalised banks, etc. fall outside the purview of the CAG; functional — the scope of the audit cannot extend to the accounts of third parties who receive grants/subsidies/loans from the public exchequer; administrative — contending with the hostility of politicians to audit and with the fact that audit has an inhibiting effect on decision-making and initiative; and political — summed up succinctly by an ex-CAG as "all audit is useless unless the legislature really takes interest in the findings of audit in regard to implementation by the executive of the policies laid down by it."

While the book is heavy going, it does succeed in the two tasks that it sets for itself. It goes a long way in de-mystifying the auditing process, and sharply outlines the limitations that the CAG's office, and therefore the auditing process in India, suffers from. What it does not do adequately is broaden the definition and scope of audit — much needed in a complex democracy like ours.

■ JAVED GAYA

ABOUR IN MANAGEMENT

Legislation will hurt

ver since the new government came to ower in November 1989, a series of dis-ıssions have been initiated by it on the ıbject of placing union leaders on the oards of business corporations. The dis-ıssions have not been on whether it hould be done but on the modus oper-ndi of placing a worker director on the oard. In fact, employer representatives aim that dissident views have not only een brushed aside but also expunged om the record of proceedings.

Reactions to the proposal have been uite predictable. Entrenched, "profes-onal" union leaders have accepted this om the point of view of enhancing their ower, but with two interesting provisos. uch participation should not be taken to ıean that they will give up their tradi-onal "rights" of confrontation. The nions have also objected to their equity articipation as that would make them o-owners, inhibiting their ability to onfront.

There have been too many cases of ex-loitation and conflict to allow for an easy hange of roles. Hence the tendency is to o in for participation, retaining the right o confront! But then, very few have as yet ıastered the art of simultaneously mak-ıg love and war.

amned either way

hen again, professional employer roups and managements appear to find hemselves in an awkward situation. If hey speak out against a pro-labour move, hey will be singled out as being anti-la-our; if they don't, their silence is taken to ıean total consent. Damned if you speak, amned if you don't.

All enlightened managements and nions today know that true excellence in roduction, sales or delivery of services an be achieved only if participative man-gement practices are followed.

In each country, the course of partici-ative management has taken a different ath, necessarily conditioned by the ique historical and cultural context.

In West Germany, after World War II, hen the entire nation was in shambles, he unions voluntarily gave up their right o strike and joined the managements in volving a new, collaborative, participa-ve manner of working.

In Japan, participative management ound its true home. There is hardly any management expert or Japanese CEO who will voice any doubt as to the causal relationship between participative management practices and the Japanese economic progress. The Toyota president, when asked about the secret of the company's success, said recently that every year the management receives over a million suggestions from the employees towards improvement in product quality, productivity, cost reduction, and so on, and implements a fair percentage of them.

- In the US, corporations have increasingly gone non-unionised, replacing confrontative relationships with a collaborative, "We're in the same boat. Let's swim or sink together" approach. The NUMMI experience in Freemont, California, is a famous, recent example of this, where the United Auto Workers Union experimented a truly collaborative relationship with the new management leading to remarkable results in profitability, productivity, employee retention and wage increases.
- In India too, the most successful corporations in both the public and private sectors have evolved uniquely Indian, but participative processes. Whether it be Russi Mody in Tata Steel or Krishnamurthy in BHEL and SAIL, the admitted secret for their success has always been that of enhancing employee participation.

While the process management may have taken different courses in different countries, there are some clear and obviously similar patterns.

- The process has been voluntary, based on enlightened self-interest on the part of both management and labour.
- Those involved have always been permanent stake holders of the corporations, the lead roles being played by full-time employees rather than 'professional' trade union leaders.
- Confrontative relationships have had to be clearly and voluntarily given up to be replaced by a relationship of trust and mutual goodwill.
- There was no government interference/force. By its very definition, the term 'participation' cannot allow the remotest trace of compulsion to contaminate it.
- Participative relationships are bipartite rather than tripartite.

It seems to be the view of Indian management that generation of enlightened self-interest among management and labour rather than legislation appears to be the need of the hour. In fact, legislation could well harm the natural process towards voluntary participation.

As a further support one could assess what has been the impact of past legislations on the labour front.

- To avoid more manpower, and hence "more headaches", most managements have gone in for greater automation, hiring casuals, sub-contracting, etc. Total employment in the organised segment of the manufacturing sector, which is only 3.3 per cent of the total population, has actually dipped in the past five years!
- Two of the most respected corporations in India, Hindustan Lever and Telco, suffered at the hands of militant trade unionism last year, only to apparently emerge stronger in their conviction never to give in to confrontative labour practices however much the law is weighed against the employer.
- Delays in dispensing with plaints in many cases have made a mockery of the very justice that was promised. In most cases, it is labour which suffered.
- Pro-labour states like West Bengal and Kerala have suffered enormously in the seventies and eighties, whereas Maharashtra, with its MRTU and PULP and other Acts, attracted investment and increased employment opportunities.

At the risk of sounding facetious, let us consider a close parallel. To ensure that a marriage works out all right, suppose it was legislated that parents-in-law should have squatters' rights in the home of the newly married couple with the additional privilege of *gheraoing* the bride or the groom at the drop of a hat. While it might arrest some extreme cases of harassment, it will surely wreck all happy marriages too! Just as some couples may even consider moving to tents outside, so also will decision making move out of boardrooms to semi-official and unofficial bodies if union leaders are foisted on them by legislation.

Alternative solutions do exist and are actually in practice in successful Indian corporations. These could be studied and adapted, rather than falling into the bureaucratic trap of passing legislations and mistaking gazette publications for real success in and through participation.

■ V.S. MAHESH

The author is vice-president, human resources, at the Taj group of hotels

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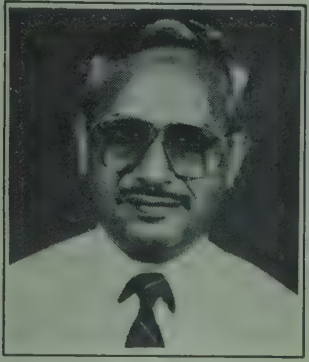
EXECUTIVE LADDER

. Vaidyanathan has een appointed finance irector on the board of odi Rubber Limited.



M.L. Pasahn has been appointed general manager (pharmaceutical development) for Burroughs Wellcome (India) Limited.

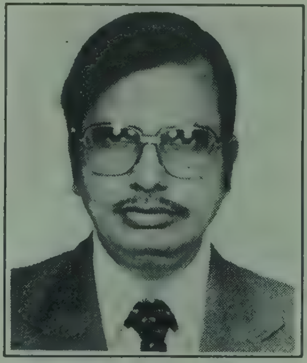
Kanti Khanna has been appointed president of 20th Century Finance.

Idris Hasan Latif has been appointed director of VST Industries Limited, Hyderabad.

agini Chopra has been romoted to director, arketing of Oberoi otels in Delhi.

Raju Shahani is to head the Oberoi Hotels London office as director, marketing (Europe).

S.L. Khosla joins ONGC as chairman.



K.S.B. Nayar has been appointed general manager (HRD) at Gujarat Ambuja Cements Limited.

Rajiv S. Mathur has taken over as vice-president (computers) of Hewlett Packard India Limited.

Vikas Deshmukh has taken over as president, Motorola Blue Star.

N. Gomathinayagam has been re-appointed chairman and CEO of Bharat Overseas Bank Limited.

G.D. Malhotra has been appointed chairman and managing director of Malhotra Steels Limited.

Lalit Lamba has become vice-president (finance and buying), **Suchindranath Aiyer** has taken over as vice-president (education and consultancy) and **Vinai Singh** is vice-president (service and personnel) at Computer Point (India) Limited.

V.S. Anand has been appointed general manager (administration) and company secretary of Modi Rubber Limited.

S.P. Ram has taken over as general manager in National Scheduled Castes and Scheduled Tribes Finance and Development Corporation.

P. Ramakrishnan has been appointed chairman and managing director of Hindustan Petroleum Corporation.

Devavrata Mehta has been appointed chairman of Maharashtra Tourism Development Corporation.

S. Ramchandra Prasad has been promoted to general manager, marketing of Elgi Tyre and Tread Limited.

A. Banerjee has been promoted to company secretary (in the rank of additional chief engineer) in Projects and Development India Limited.

ASSOCIATIONS

. Sankar has taken over s the alternate president f the associated hambers of Commerce nd Industry of India.

Rajesh Khajuri has taken over as chairman and **Harish V. Shah** as vice-chairman of Managements Consultants Association of India, Gujarat Chapter.

Anil Mehta has been elected president of Dyestuff Manufacturers' Association of India

M.H. Mehta has been elected president of the Indian Membrane Society.

Senior executive positions

A compilation of executive positions advertised in **Business India** and other major publications between 4 and 17 June 1990.

THE FOUR BEST JOBS

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- CHIEF EXECUTIVE * Delhi * *Sal* Excellent * *Age/Qlfn* 45 years * Business managers * *Reqd* About 5 years experience in a senior management position having multifunctional responsibilities * *Cont* CE/DEL/1119, A.K. Matta, Manager, ABC Consultants Pvt Ltd, 209 Meghdoot, 94 Nehru Place, New Delhi 110019 (ToI - 11.6)
- PRESIDENT * Western India * *Sal* Rs.3 lakh + furnished accommodation + car with driver * *Age/Qlfn* Around 45 years * Technical background * *Reqd* At least 10 years experience in a reputed cement plant, of which minimum 3 years should have been as chief in dry process plant of 5 lakh tonne capacity * *Cont* V.M. Shah, Consultant, A/94 Paschim Apartments, Kashinath Dhuru Marg, Prabhadevi, Bombay 400025 (ToI - 4.6)
- CHIEF EXECUTIVE * Bangalore * *Sal* NS * *Age/Qlfn* NS * Engineering background * *Reqd* Sound techno-commercial experience with proven track record in a large/medium sized company at a senior level * *Cont* Tushar Basu, Director, Analytic Consultancy Bureau Pvt Ltd, P-34, Block-H, New Alipore, Calcutta 700053 (H - 14.6)

WEST

- CHIEF EXECUTIVE (Oxygen Plant) * Pune * *Sal* Attractive * *Age/Qlfn* 40-45 years * First class graduates with MBA/CA and specialisation in marketing * *Reqd* Minimum 15 years experience in marketing, of which 5 years should have been in marketing oxygen, nitrogen, argon and allied gases in a senior position * *Cont* Box L 003-S, Times of India, Bombay 400001 (ToI - 4.6)
- MARKETING CONTROLLER (Medical Electronics) * Ahmedabad * *Sal* NS * *Age/Qlfn* NS * PG from Ahmedabad * *Reqd* At least 8-10 years relevant experience in marketing sophisticated medical equipment. Electronic engineering background will be preferred * *Cont* The General Manager, Torrent Medi-systems Ltd, Torrent House, Near Dinesh Hall, Ashram Road, Ahmedabad 380009 (H - 6.6)
- GENERAL MANAGER (Consumer Finance) * Bombay * *Sal* NS * *Age/Qlfn* 28-35 years * MBAs * *Reqd* 10 years experience in the financial service industry including consumer finance * *Cont* (MS-5521), A.F. Ferguson Associates, P.B. 1786, Bombay 400001 (ToI - 11.6)
- GENERAL MANAGER (Finance) * Bombay * *Sal* NS * *Age/Qlfn* NS * CA * *Reqd* Minimum 5 years experience in a senior position * *Cont* The Managing Director, P.O. Box No.9929, Colaba, Bombay 400005 (ToI - 11.6)
- CHIEF EXECUTIVE * Bombay * *Sal* NS * *Age/Qlfn* NS * NS * *Reqd* Minimum 15 years relevant experience with outstanding leadership qualities * *Cont* Box L 107-S, Times of India, Bombay 400001 (ToI - 15.6)

NORTH

- EXECUTIVE DIRECTOR * Rajasthan * *Sal* NS * *Age/Qlfn* 45 years * CA/MBA * *Reqd* 15-20 years managerial experience in a large engineering/process industry, of which at least 5 years as chief * *Cont* Vice-Chairman, Modern Group of Industries, 709 Ansal Bhavan, 16 Kasturba Gandhi Marg, New Delhi 110001 (ToI - 4.6)
- GENERAL MANAGER (Commercial) * Delhi * *Sal* Attractive * *Age/Qlfn* Around 48 years * An engineer with professional qualification in materials management * *Reqd* Minimum 10 years similar experience in a multi-unit and multi-product organisation * *Cont* GMC/Del/1118, Deepak Bhargava, General Manager, ABC Consultants Pvt Ltd, 209, Meghdoot, 94 Nehru Place, New Delhi 110019 (ToI - 11.6)
- TECHNICAL DIRECTOR * Alwar, Rajasthan * *Sal* NS * *Age/Qlfn* NS * Mechanical engineer * *Reqd* Around 15 years experience of which at least 8 years in senior management level in a medium sized manufacturing company * *Cont* ES:6692, S.B. Billimoria & Co, P.B. No 4325, New Delhi 110019 (H - 12.6)

SOUTH

- HEAD OF ENGINEERING * South India * *Sal* NS * *Age/Qlfn* 4 years * Degree/PG in mechanical engineering * *Reqd* Working experience in both wet and dry process cement plant preferable * *Cont* Box L-019-S, Times of India, Bombay 400001 (ToI - 11.6)
- FINANCIAL CONTROLLER * Vishakhapatnam * *Sal* Attractive * *Age/Qlfn* 40-45 years * CA or MBA (finance) from IIM * *Reqd* Minimum 10 years experience and should currently hold a senior management position * *Cont* Personnel Department, Chemica Division, Post Box No.701, Vishakhapatnam 530007 (H - 12.6)
- CHIEF MANAGER - CORPORATE PLANNING (Hydrocarbon Industry) * Cochin * *Sal* Attractive * *Age/Qlfn* Below 45 years * Chemical engineers with PG in business management * *Reqd* Should have 10-15 years professional experience including 5 years at senior levels in the corporate planning function with specific emphasis on diversification activities * *Cont* CMC/MDS/5, ABC Consultants Pvt Ltd, 4 Khader Nawaz Khan Road, Madras 600006 (ToI - 4.6)
- VICE-PRESIDENT (Finance & Administration) * Bangalore * *Sal* Excellent + housing + car with chauffeur + perks * *Age/Qlfn* NS * CAs * *Reqd* 15-20 years relevant experience of which at least 3-5 years as general manager or higher in any multinational company * *Cont* Vice-President (F&A), Digital Equipment (India) Ltd, 92 Industrial Suburb, II Stage, Yeshwanthpur, Bangalore 560022 (ToI - 4.6)
- VICE-PRESIDENT * South India * *Sal* Ns * *Age/Qlfn* 45 years * Mechanical/electrical engineers with additional qualifications in management * *Reqd* Should have been a general manager for at least 5 years. In-depth knowledge of dry process cement technology a must * *Cont* Box No.449, C/o The Hindu, Madras 600002 (H - 6.6)

OVERSEAS

- VICE-PRESIDENT (Technical) * Thailand * *Sal* Attractive + perks * *Age/Qlfn* NS * Chemical engineering graduate/PG from Indian/foreign university * *Reqd* 15-20 years experience in epoxy resins plant in India/abroad, of which at least 5-7 years should be as an overall incharge of a similar complex * *Cont* P.S. Chohan, President, Aims Management Consultants, 42 Veer Nariman Road, Bombay 400023 (ToI - 10.6)
- FINANCIAL CONTROLLER * Kenya * *Sal* Attractive * *Age/Qlfn* NS * CA * *Reqd* Should have wide experience in accounting and overall management in a senior position * *Cont* P.O. Box 2762, Nakuru, Kenya (ToI - 10.6)

Executive positions

TOI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

NATIONAL

- HEAD OF MARKETING RESEARCH * Bombay * *Sal* Excellent + housing + car + perks * *Age/Qlfn* 32-37 years * MBAs, preferably from an IIM * *Reqd* At least 10 years post-qualification experience primarily in the area of marketing research with reputable research agencies or consumer product companies * *Cont* A.F. Ferguson Associates, Post Box 1786, Bombay 400001 (ToI - 4.6)
- DEPUTY GENERAL MANAGER (Consumer Durable Sales) * Bombay * *Sal* Rs.1 lakh + car + benefits * *Age/Qlfn* 35-40 years * Sales professionals * *Reqd* A proven track record of at least 15 years selling experience in consumer durables/consumer products. Working knowledge of Hindi a must * *Cont* DGM/MDS/6, ABC Consultants Pvt Ltd, 4 Khader Nawaz Khan Road, Madras 600006 (ToI - 11.6)
- MEDIA SERVICES MANAGER (Consumer Product Multinational) * Bombay * *Sal* Attractive + housing * *Age/Qlfn* 28-32 years * Professionals (preferably MBAs from IIMs) * *Reqd* Experience in the area of media services and/or client servicing * *Cont* A.F. Ferguson Associates, P.B. No.1786, Bombay 400001 (ToI - 11.6)
- MARKETING MANAGER * Bombay * *Sal* NS * *Age/Qlfn* NS * Graduate textile engineer with PG in management * *Reqd* 6-7 years experience in synthetic fibre industry * *Cont* Chief Manager (P&A), Raymond Synthetics Ltd, Pokhran Road No.1, Jekegram, Thane 400606 (HT - 13.6)
- PROJECT MANAGER * Bombay * *Sal* NS * *Age/Qlfn* 35 years * Civil engineer * *Reqd* 12-14 years experience in a reputed construction company * *Cont* Senior Vice-President (Personnel), Godrej Soaps Ltd, Pirojshanagar, Eastern Express Highway, Vikhroli, Bombay 400079 (ToI - 15.6)
- PURCHASE MANAGER * Bombay * *Sal* NS * *Age/Qlfn* NS * Graduate preferably with an MBA * *Reqd* 5-7 years experience in materials management in a reputed organisation * *Cont* The General Manager (Human Resources), Hindustan Ciba-Geigy Ltd, 14 J Tata Road, Bombay 400020 (ToI - 15.6)
- MANAGER (Projects) * Bangalore * *Sal* NS * *Age/Qlfn* 40 years * Degree in engineering/PG in business management from IIM * *Reqd* About 8-10 years all-round experience in manufacturing/production planning/marketing in an engineering industry of which 3 years should be as project engineer/manager * *Cont* Senior Manager (Personnel), Bharat Fritz Werner Ltd, Peenya, Yeshwanthpur Post, Bangalore 560022 (H - 16.6)
- MANAGER PERSONNEL * Baroda * *Sal* NS * *Age/Qlfn* NS * PG in personnel management from a reputed institution * *Reqd* 7-8 years experience in a professionally managed organisation. Work experience in Gujarat will be an advantage * *Cont* General Manager (HRD), Apollo Tyres Ltd, 14th Floor, Chiranjiv Tower, 43 Nehru Place, New Delhi 110019 (ToI - 7.6)
- QUALITY CONTROL MANAGER * Ankleshwar * *Sal* Attractive + perks * *Age/Qlfn* NS * Ph.D./M.Sc. (Tech) * *Reqd* 10-12 years experience of which 3-5 years in charge of QC * *Cont* The Director, PCI Pharmaceuticals Pvt Ltd, 304 Arun Chambers, Tardeo, Bombay 400034 (ToI - 8.6)
- PUBLIC RELATIONS MANAGER * Calcutta * *Sal* NS * *Age/Qlfn* 40-45 years * Background in journalism * *Reqd* At least 10-15 years in-depth experience in the field of public relations at senior level in a similar capacity with a large organisation or government department * *Cont* General Manager - Personnel, Dunlop India Ltd, 57B Mirza Ghalib St, Calcutta 700016 (ToI - 9.6)
- BRANCH MANAGERS * Calcutta/Ranchi * *Sal* NS * *Age/Qlfn* 30-35 years * Graduates in science/engineering * *Reqd* Minimum 5 years industrial marketing experience at branch/assistant branch manager level * *Cont* General Manager (Personnel), STP Ltd, 8 Camac St, Calcutta 700017 (S - 10.6)
- MANAGERS (Product Development) * Ennore/Hosur * *Sal* NS * *Age/Qlfn* 40 years * PG in engineering * *Reqd* 15 years relevant experience * *Cont* General Manager (Personnel), Ashok Leyland Ltd, 19 Rajaji Salai, Madras 600001 (H - 13.6)

OVERSEAS

- SENIOR ECONOMIST * Doha, Qatar * *Sal* Neg * *Age/Qlfn* NS * Degree in economics * *Reqd* Participating in developing planning scenarios. Identifying and investigating new investment opportunities * *Cont* QGPC (HQ), Recruitment and Placement Division, P.O. Box 3212, Doha, Qatar (Economist - 9.6)
- PROGRAMS/PROJECT ECONOMISTS * Manila, Philippines * *Sal* NS * *Age/Qlfn* NS * Post-graduate * *Reqd* Several years experience in development work * *Cont* Ref.No.YP91-H, Human Resources Division, Asian Development Bank, P.O. Box 789, Manila 1099 Philippines (Economist - 9.6)
- PLANT MANAGER * Kenya * *Sal* Attractive * *Age/Qlfn* NS * B.Tex * *Reqd* 10 years experience at a senior post in the same field and should be capable of handling the plant independently. Knowledge of polyester, nylon and PFY processing a must * *Cont* P.O. Box 2762, Nakuru, Kenya (ToI - 10.6)
- SOFTWARE PROFESSIONALS * Overseas * *Sal* Attractive * *Age/Qlfn* NS * Qualifed professionals * *Reqd* 2-5 years experience in software technology * *Cont* A.F. Ferguson & Co, Post Box No. 1786, Bombay 400001 (ToI - 10.6)
- AREA MANAGER * Middle East * *Sal* NS * *Age/Qlfn* NS * Engineers preferably with an MBA * *Reqd* Minimum 5 years experience in sales of computer-based solutions * *Cont* Ref:RM/F-4026, Datamatics Staffing Services, PB No.106, GPO, Bombay 400001 (ToI - 17.6)
- PRODUCTION MANAGER * Nigeria * *Sal* Saving Rs.1.5 lakh pa + housing + car * *Age/Qlfn* 35 years * Degree/PG in food technology from a reputed institute * *Reqd* At least 10 years experience in production/project planning implementation and management * *Cont* MS-2122, S.B. Billimoria & Co, Meher Chambers, 2nd Floor, Nicol Road, Ballard Estate, Bombay 400038 (ToI - 17.6)

If you have your roots deep into rural marketing and can tick ☑ to the qualifications we require, you could be our

Vice President - Marketing.

We are a fast growing, forward looking organisation, manufacturing and marketing a wide range of modern agricultural-implements with technical know-how from abroad. We have successfully penetrated large segments of the rural market and already built a solid reputation for the consistently high quality and reliability of our products. We are now poised for rapid expansion to tap the vast potential in the agricultural sector and are on the lookout for a person who can ride this exciting opportunity.

1. You're between 30-40 years with sound physique. ☐
2. You're looking forward to making Nasik, Maharashtra as your centre of operations. ☐
3. You have to your credit success stories of marketing Agri-based products, preferably seeds, pesticides, pumps, irrigation systems, etc. ☐
4. You can devise and implement marketing strategies independently ☐
5. You enjoy extensive travelling ☐
6. You have a flair for Indian languages ☐
7. You are alive to the Government Policies on agriculture ☐
8. You can comfortably handle a network of over 30 regional distributors ☐
9. You are a task master and possess a proven track record of getting targets surpassed ☐
10. You are comfortable in changing on to a fast lane and staying there. ☐

If you are all these and more, send this clipping to us along with your resume within 10 days to Box No.BI/AA/321/CE/1, **Business India,** Wadia Bldg., 17/19 Dalal St., Fort, Bombay 400 001.

digital

Digital Equipment (India) Limited, an Affiliate of ***Digital Equipment Corporation, USA,*** *the world's largest manufacturer of Networked Computer Systems, requires:*

VICE PRESIDENT – FINANCE & ADMINISTRATION

BANGALORE

The position, as a part of the Country Management Team, reports to the Country Manager. The person will be responsible for Formulation and Implementation of Corporate Financial Policies/ Strategic Plans, Mobilisation of Finance, Working Capital/Project Cost Management, Taxation, Finalisation of Computerised Accounts, and Administration.

It is expected that the individual will be required to spend time abroad for familiarisation.

The person should have a proven track record of achievements with exceptional knowledge in Finance/Accounting in a Multi-national environment. The person should be at least a Chartered Accountant with 15-20 years relevant experience of which at least 3-5 years should have been in the capacity of General Manager or higher status in any Multi-national Company.

The person should be Dynamic, Goal-Oriented and capable of taking Independent effective decisions in the company's interests.

This is a Corporate position, based at Bangalore. Salary will not be a constraint for the right candidate. Besides salary, Company will provide accommodation and chauffeur driven car, and all the perquisites associated with a Senior Management Position. Please reply within 10 days to

Vice President – Finance & Administration
Digital Equipment (India) Limited.
(An Affiliate of Digital Equipment Corporation, USA)
92, Industrial Suburb,
II Stage, Yeshwanthpur,
BANGALORE - 560 022.

India
has Digital
now

MANAGING DIRECTOR

TATA INDUSTRIAL FINANCE CORP. LTD.

BOMBAY **MS - 2121**

Tata Industrial Finance offers an exciting and stimulating top management position. The company, promoted by Tata Industries Ltd. with financial participation from American Express, is a financial services company covering a wide spectrum of merchant banking activities as well as fund-based financing business. The company plans to be a significant force in an intensely competitive market place.

The Managing Director will be based in Bombay and will be in charge of the company's overall management encompassing business development and operations and be responsible for the implementation of an aggressive business plan with the objective of achieving leadership for its services. Wide knowledge and experience in these fields is important but candidates must also possess excellent communication skills, an ability to establish rapport with senior figures in industry and finance and an ability to establish personal credibility in a high profile role. Equally important will be the ability to build, direct and motivate a successful team of competent professionals.

The compensation package will be at the highest permissible level according to the law and perquisites which will include a company car and flat.

Please mail your resume within 15 days to:

S.B. Billimoria & Co.
Meher Chambers, 2nd floor,
Nicol Road, Ballard Estate
Bombay 400 038

superscribing MS No. 2121 on the envelope and resume. Applications will be treated in the strictest confidence and the identity of applicants will not be disclosed without prior permission.

CHAITRA- B SBB 95

GHCL

Gujarat Heavy Chemicals Ltd.

The **DALMIAS** are a diversified industrial conglomerate with interests in dairy products, chemicals, cigarettes, telecom, resorts, textiles, film production/advertising and a host of other spheres. Projected group turnover for 1992 is Rs. 1,000 crores. Gujarat Heavy Chemicals Limited is one of the largest joint sector companies with a present turnover of around Rs. 140 crores and is poised to grow very rapidly. The company wishes to run an English Medium School for the children of its employees as well as for the children from surrounding areas.

PRINCIPAL

VERAVAL
GUJARAT

ATTRACTIVE
TERMS

The selected incumbent will be required to set up an ENGLISH MEDIUM SCHOOL on the 10 + 2 pattern as an independent body and run it AUTONOMOUSLY. The school will aim at developing qualities of character and discipline, ensure academic excellence and provide excellent extra-curricular opportunities to its students.

Applicants should be Post Graduates, with a B.Ed/M.Ed degree and have around 15 years of experience as a senior teacher or around 3-5 years as a Vice-Principal/Headmaster. Must be eminent educationists, strong on administrative skills and have exposure to CBSE/ICSE patterns of education. Must be around 40 – 45 years of age.

Apply within 10 days to :

P S Ajjan, General Manager – Personnel
Dalmia (Bros.) Pvt. Ltd.
2nd Floor, Indraprakash, 21, Barakhamba Road
New Delhi-110001

GOVAN/ 2034/90

BPL

BPL – A multi-locational, multi-divisional organisation, is a pioneer in electronics with 6 product groups ranging from professional to consumer electronics. It has over 4,000 employees, a turnover of more than Rs. 400 crores and expects to increase this to Rs. 1,000 crores in the next three years.

BPL, having established its brand leadership in Consumer Electronics, is now focusing its manufacturing and marketing expertise in the area of Office Automation (OA) which currently covers Plain Paper Copiers, Electronic PABX, Push Button Telephones & Personal Computers. Considerable progress has already been made in the manufacturing front with the copiers, electronic PABX and PBT having achieved the industry's highest indigenisation levels with most of the critical components being manufactured in-house, including Selenium drums. The products enjoy a high degree of customer acceptance including approval by DOT for the communication products.

Utilising the exclusive ongoing technical collaboration with SANYO of Japan the present range is being revamped with new models of copiers, exchanges etc. besides adding new products like fax, telephone answering machines and so on.

To market these exciting range of OA products, BPL requires:

General Manager/Assistant General Manager - OAP (Bangalore)

Applicants should be Engineering/Science graduates preferably with Post-graduate qualifications in Business Management, in the age group of 35-40 years and with relevant experience in Marketing/Sales preferably in an Office Automation industry, with the last 3 years being at an All India senior management level.

The candidate should be mature with outstanding leadership qualities to take overall charge of the Marketing and Sales functions of Office Automation Products as a profit centre.

Job entails formulation of marketing strategy, pricing, product planning, distribution, publicity and promotion, staffing, after-sales service and co-ordination with the factory.

Sales Managers (Bangalore)

Computers/Plain paper copiers/Communication products/ Major accounts (OAP)

Electrical/Electronic Engineering/Science graduates preferably with Post-graduate qualification in Business Management, in the age group of 30-35 years and with relevant experience in Marketing/Sales functions in a large/medium industry preferably in Office Automation, with at least 3 years in a senior position.

The job entails complete marketing and sales responsibility of one product line— PPC, Computer, Communication or OAP major accounts. Other functions cover formulation of sales strategy, product planning, distribution, publicity & promotion, market intelligence, after-sales service, training and co-ordination with factory, etc. The candidate will report to - GM-OAP.

Commercial Manager - OAP (Bangalore)

The applicant should be a Chartered Accountant or Cost & Works Accountant, in the age group of 30-35 years and with relevant experience in the commercial functions of a large/medium size firm preferably in Office Automation industry.

Job responsibilities include all commercial aspects of business such as sales accounting, warehousing, transportation, sales tax, credit control, procurement of consumables, office administration, etc.

Knowledge of computers and its application in commercial functions will be an added advantage. The incumbent will report to–GM/AGM–OAP

BPL work environment provides autonomy in functioning and opportunities for growth and career advancement. Salary and perquisites will match the best in the industry and shall not be a constraint for deserving candidates.

Apply within 10 days with detailed bio-data and recent passport size photograph, superscribing the envelope with the post applied for, to:

British Physical Laboratories India Ltd.
BPL Towers, 13, Kasturba Road
Bangalore 560 001

BPL

IN PURSUIT OF PERFECTION

SOUTH INDIA VISCOSE LIMITED a multibusiness company is going through a phase of rapid expansion and diversification - New business areas include agro based fields, bio-technology, plant genetics, tissue culture, seed production and the production of cut flowers and vegetables, edible oil etc.

We are professionally managed and offer a conducive working atmosphere. The turnover of the Company is expected around Rs. 300 crores in two year's time.

We require

GENERAL MANAGER (Bio-technology Division)

Location : Coimbatore

The incumbent will head the bio-technology division. This includes tissue culture laboratory, cut flowers and vegetables centres. He is expected to set up the Division and organise Production and Marketing. He will be supported by competent personnel.

Candidates should have a masters or doctorate in Horticulture, specialising in plant genetics. Those with a qualification in Business Administration will be given preference.

Preferred Age : 35 - 45 years.

We offer an attractive remuneration package and salary is negotiable for the right person.

SEED DEVELOPMENT OFFICER

The incumbent will be expected to organise production of hybrid seeds, vegetable crops, oil seeds, cotton etc. He will handle labour and farm supervisors and provide technical guidance to farmers. He will have to interact with Government agencies for promotional activities and services.

Candidates should have a Bachelors or Masters degree in Agriculture with specialisation in Horticulture or Seed technology. They should have field experience in farm extension services preferably in oil seeds.

The incumbents will have to work in the Company's projects at Coimbatore, Bangalore, Palani etc.

The remuneration package will be commensurate with qualifications and experience.

Please apply within 10 days enclosing a detailed resume, bio-data and passport size photograph to :

GENERAL MANAGER - HRD / PERSONNEL
South India Viscose Limited
1977 - A, Trichy Road,
Singanallur Post
COIMBATORE - 641 005.

INDIA TELECOMP LIMITED

ITL is a part of the Dalmia Group – the diversified industrial conglomerate with interests in dairy products, cigarettes, textiles, telecom, chemicals, resorts, advertising and film production besides other products. The projected group turnover for 1992 is Rs. 1000 crores. ITL has carved out a niche for itself in the telecom field.

PRODUCTS –
CORDLESS PHONES • FAX MACHINES • MESSAGE TERMINALS • MESSAGE SWITCHES

COLLABORATIONS –
BRITISH TELECOM, U.K. • HASLER, U.K. • ATS COMMUNICATIONS, U.K. • TELIC ALCATEL, FRANCE

On the threshold of a major expansion /diversification programme, ITL needs a,

GENERAL SALES MANAGER

NEW DELHI **ATTRACTIVE TERMS**

The selected incumbent will have **TOTAL** responsibility for ensuring achievement of the national level sales/service objectives of the entire product range/services of the Company. Will have to provide high quality **LEADERSHIP** to an ebullient sales team and progressively enhance market shares/revenues.

Applicants should be B.Techs, preferably with an MBA, strong in **TEAM MANAGEMENT**. Should be holding national sales responsibilities, or at least sales responsibility for 2 regions simultaneously in well managed office automation companies.

Must have an impeccable track record of accomplishments in competitive environments, with the ability to shoulder both sales/marketing responsibilities in 1-2 years time.

Please apply within 10 days to :

P.S. Ajjan, General Manager – Personnel
Dalmia (Bros.) Pvt. Ltd.
2nd floor, Indraprakash Building,
21, Barakhamba Road, New Delhi-110 001.

GOVAN/ITL/2044/90

ABC's major specialisations include Corporate Consultancy

PREMIER SHARE REGISTRATION FIRM

We have been retained by a **very large & dynamic Industrial Group** with annual sales turnover of Rs 1500 Crores to select competent professionals for this firm, which is the market leader in Eastern India. Firm is now aiming at a significant presence in Bombay, Delhi, Bangalore and Madras.

GENERAL MANAGER

Calcutta **Rs 10,000/-+Car+HRA+Perks**

The incumbent will have the total responsibility for extensive computerisation, aggressive business development and efficient operations management. Must be a **CA/MBA with proven managerial ability** and similar experience. Capacity to handle unionised/clerical workforce, ability to interact with senior managers in client companies and to work independently will be prerequisites. for this assignment. Age Group 40-45. Code GMSR/BPA/3003.

2 OPERATIONS/MARKETING MANAGERS

Operations Manager will have expertise in Company Law, Stock Exchange Regulations, Public Issues/Fixed Deposits/Convertible Debentures Management, whereas Marketing Manager must have business development ability involving Corporate Sector, Financial Institutions/Banks, Merchant Bankers, Stock Brokers. Actual work experience with well established Share Departments of reputed & large companies or **marketing of professional services** is considered essential for these positions. Age Group 35-40. Code OMSR/BPA/3004

Our clients are looking for **High Performers** and compensation package will be handsome & entirely negotiable. Growth prospects are excellent. Please write to **B P Agrawal, Chairman** and mark the envelope & enclosures with relevant job title & code.

ABC CONSULTANTS PRIVATE LIMITED
43/3, Hazra Road, Calcutta 700 019; Phone 754947

Organised Cost Reduction • Technology Transfer • Project Reports • Operations Research • Industrial Engineering

Data Processing • Computer Software Packages • Materials Management

SWOT Analysis • Systems & Procedure • Business Negotiations • Socio Economic Studies • Computer Feasibility

We need following personnel for a fast growing newspaper group of Ranchi (Bihar). The assignments offer professional challenge to dynamic and result-oriented persons associated with the newspaper world.

GENERAL MANAGER

The job demands leadership quality for coordinating all functions like Production, Circulation, Advertisement, Commercial and Personnel. The incumbent should be able to infuse a sense of mission in the team. Creative enthusiasm and ability to motivate will be the necessary traits.

Persons with professional qualification and about 10 years' experience as functional head or 6 year's experience in similar capacity need apply.

PRODUCTION MANAGER

Besides ensuring the publication targets in terms of quality, cost and time, the incumbent will be required to formulate and execute a modernisation plan. Familiarity with latest equipment in Printing Technology will be essential requirement of the job.

Persons with appropriate qualification and experience of at least 10 years in production and/or maintenance functions in a newspaper group will fit the job well.

ADVERTISEMENT MANAGER

For execution of this important function the incumbent must possess thorough knowledge and experience of modes and methods of dealing with Commercial and Government advertisements for achieving revenue targets. He should have handled this function with distinction in exploring new avenues and segments of markets.

Persons with appropriate qualifications and about 10 years' experience in this specialised function need apply.

PTS SUPERVISORS

Need exists for experienced PTS Supervisors with about 10 years' experience in composing and supervision and ability to train and guide subordinates in this function.

Attractive remuneration package will be negotiated and will not be a constraint for the right candidates. Applications in strict confidence should be made within a week to:

The President (H.R.D.)
Usha Martin Industries Ltd
'Everest Building', 14th floor
46-C Chowringhee Road
Calcutta 700 071

PRESSMAN

SESA GROUP IRON ORE | SESA GROUP SHIPBUILDING | SESA GROUP PIG IRON | SESA GROUP INFORMATION SYSTEMS

The **Sesa Group** which started with **Sesa Goa Limited** in 1954 engaged in the business of mining and export of iron ore has, after its Indianisation in 1982, diversified into other engineering fields like Shipbuilding, machinery manufacture and Information and is now going in for the manufacture of Pig Iron. The Company is now poised for a major expansion into new areas of manufacture and information and offers exciting opportunities to Managers who join the Group at this crucial stage of its development.

GENERAL MANAGER-PIG IRON PROJECT

The project for the manufacture of 200,000 TPA of low phos pig iron is already in an advanced stage of implementation. The candidate we are looking for will take over the completion and commissioning of the project as well as its subsequent expansion and will be in charge of the business at the operational level.

The candidate should be a graduate in metallurgical or mechanical engineering, 40-45 years of age and will have atleast 15 years experience in steel plant related operations, with strong leadership qualities and an action oriented bent of mind.

MAINTENANCE MANAGER

The candidate should be a graduate in mechanical engineering around 35 years of age, with atleast 10 years experience in maintenance operations preferably connected with blast furnace and related equipment. He should have a sound practical knowledge, shop floor experience and the ability to guide a competent maintenance activity.

PRODUCTION MANAGER

The candidate should be a graduate in metallurgical engineering around 35 years of age with 10 years of steel plant related experience particularly close familiarity with blast furnace operation. He should also be capable of motivating his production team to its best capability.

WORKSHOP MANAGER

The Company has a reasonably well equipped workshop for structural fabrication, a machine shop and an engine overhaul facility. The candidate we are looking for should be 30-35 years of age with around 7-10 years experience in similar workshop operations and the ability to achieve a high level of productivity in jobbing work.

Candidates who have responded to our earlier advertisements need not apply.

The above positions are in the Company's covenanted Management grade and carry an attractive remuneration package. Applications giving full details should be addressed to the ***General Manager – Personnel, Sesa Goa Limited, Altinho, Panjim, Goa – 403 001.***

Clamar

CALLING TOP EXECUTIVES

We are leading manufacturers of cold rolled steel strips in narrow width, located at Malanpur (Bind Dist) just 22 kms from Gwalior. Our initial licensed capacity of 10,000 tonnes per annum is now being increased to 50,000 tonnes per annum. Our target is to double our turnover this year. For taking up this challenge we require the following personnel.

CHIEF EXECUTIVE: (To be based at Gwalior).

The incumbent would be entirely responsible for the profits of the company. He would be incharge of strategic planning, overall management of the company and monitoring the management control system. The person would report directly to the Managing Director. Persons with Engineering background or Post Graduates in Management with 3-5 years of experience in a similar capacity would be preferred.

FINANCIAL CONTROLLER: (To be based at Delhi)

The incumbent should be result oriented with strong financial acumen backed up by professional qualifications in finance. He will be responsible for finance and accounting function of the Company including management information and budgetary control system with experience in liaisoning with financial institutions and banks. He should have strong analytical ability with full knowledge of all statutory regulations.

Candidates who have relevant qualifications & experience may apply within 15 days to:

Sobhagya

Gwalior Strips Ltd.,
221, Okhla Industrial Estate,
NEW DELHI - 110 020.

Blow Plast Ltd.

We are one of India's most successful marketing organisations having pioneered and achieved leadership status in each of our 3 business lines; Moulded Luggage & Soft Luggage, Toys and Moulded Furniture. The Company's turnover currently exceeds Rs. 130 crores with an excellent track record of dynamic and sustained growth.

To meet the challenge of growth in the coming decade we need for our Toys and Furniture Division:

REGIONAL MANAGERS

AGE: AROUND 30 YEARS **LOCATION: METRO CITIES**

Suitable candidates are likely to be already operating as Branch Managers with around 6 years relevant experience in any reputed marketing organisation. They should be MBAs from leading institutions.

The selected persons would be required to lead a team headed by the branch heads of his region. They would be responsible for formulating and executing marketing strategies and also playing a creative role in smooth administrative functioning. The position calls for analytical abilities and leadership qualities of a high order with a focus on team building. The Company offers a stimulating and professional work environment and excellent career opportunities.

The compensation package is attractive and includes a car scheme and provision for company housing, if required.

Please apply giving full details of qualification,
work experience etc. within 10 days to:

Vice-President – Personnel
Blow Plast Ltd.
Post Box No. 9145, Bombay 400025

MEDIA SERVICES MANAGER

Consumer Product Multinational

Bombay

**Attractive salary
including housing.**

A successful multinational consumer product company, which is also one of the largest advertisers in the country, wishes to recruit an outstanding professional as Media Services Manager.

The job involves providing media services support to the marketing team including media planning and research, ensuring productivity of media expenditure, coordinating the company's sponsored programmes effort, interfacing with advertising agencies and media, etc. Prospects for future growth are good. Moreover, it is an established practice of the company to send successful managers abroad for training and on secondment to operations in other countries.

Applicants should be professionally qualified persons (preferably MBAs from IIMs), aged 28-32 years, with experience in the area of media services and/or client servicing.

The company offers an attractive remuneration package (which includes housing).

Please apply in strict confidence within 10 days to:

A.F. Ferguson Associates
Post Box 1786,
Bombay 400 001.

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref. MS/5518".

Want to build a career?

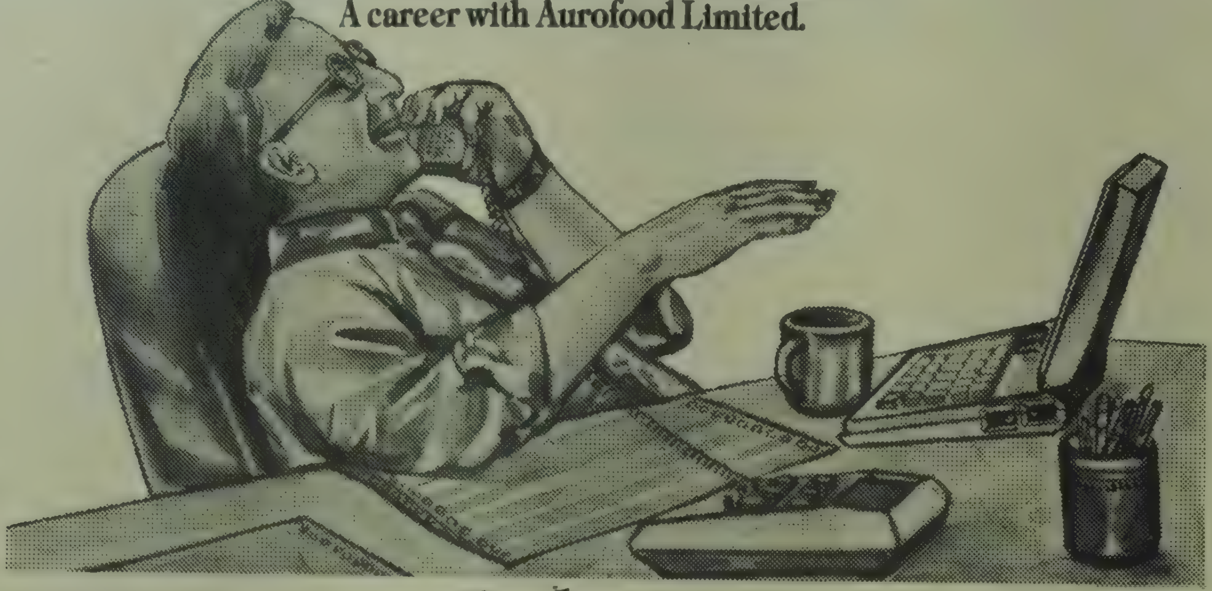
Yes. We have challenging career opportunities!

We are looking for people who're interested in building a career with us. Not just in carrying out a job.

A career that they will put their hearts and souls into.

A career that they will be totally committed to.

A career with Aurofood Limited.



The Company

We are a multi-plant, multi-product manufacturing organisation with nearly a 1000 employees, involved in manufacturing, development, selling and marketing functions.

Aurofood – our foods division, manufactures and markets Wheat products, Biscuits, Wafers, Vermicelli and Macaroni and has one of the best R&D Cells in the country.

Auroengineering – a unit of Aurofood is a large engineering division engaged in the manufacture of precision components for Aerospace Industries and Food Processing Machinery, in collaboration with Robinson Milling Systems, UK.

Aurofeeds – our animal feeds division has a modern, sophisticated feed mill and is engaged in producing feeds using the best quality raw material formulations with the use of computers and under the strict supervision of experts in the field of animal nutrition.

For our Foods Division, we have the following vacancies:

MARKETING MANAGER

Location: Madras

You will be a Graduate, preferably with an MBA in Business Marketing Management, with a proven track record, in successfully launching consumer products.

You must have an aptitude for developing and implementing innovative marketing strategies on an All India level.

Your responsibilities will further extend to building and monitoring a strong sales team, to achieve set targets, apart from exploring new potential markets.

You should be around 45 years and possess leadership qualities.

SALES MANAGER

Location: Madras

You will be a Graduate with about 10-15 years of experience in handling consumer products. A Post Graduate degree in Management will be an asset.

You will report to the Marketing Manager and your job portfolio will include formulating and implementing sales plans; overseeing new product launches and ensuring profitability.

This apart, you will also be responsible for developing a distributor network and managing your field force.

You are expected to be between 35-40 years and possess excellent communication skills.

Send in your applications within a week to:

AUROFOOD

Aurofood Limited
PO Auroville – 605 101. Via Pondicherry.

RAJ OIL MILLS

RAJ OIL MILLS, a multidivisional group of Company manufacturing Consumer durable and non-durable products viz. GUINEA Groundnut Oil & Cocoraj Coconut Oil having a turnover of Rs. 100 crores needs dynamic and self motivated persons in various departments to participate in their expansion programme.

POSTS: EXPORT MANAGER

EXPORT EXECUTIVES

QUALIFICATION: Post Graduate Diploma in Foreign Trade of IIFT or International Marketing or Diploma in Export Management.

AGE GROUP: 35 – 40.

THE JOB:

The applicant must have handled all aspects of export procedures and documentation pertaining to JCCI&E, Commercial Banks, Customs, RBI, EPC's, and must be well versed with export incentives, draw backs and should have handled the necessary formalities for obtaining the required statutory clearances, approvals and other concerning export credit, L.C.'s documentation, etc.

Preference will be given to candidates with proven track record in Foreign Trade and LIVE contacts with reputed indenting houses in Europe, U.S.A., Japan, Far East and Gulf. The selected persons will be required to handle export marketing and sourcing, identifying new products suitable for Exports and undertake extensive travel for export promotion.

MARKETING MANAGER

A Post graduate and M.B.A. from Premier Management Institute with specialization in Marketing Management.

AGE GROUP: 32 – 38.

The applicant must have thorough knowledge and past experience of conusmer non-durable products marketing. The responsibility involves identifying new products, developing existing product groups, Market Research, Conceptualization of the marketing plan including its promotional & Advertising linkage, Product launch & Post launch evaluations, designing & effectively implementing Marketing & Sales Strategies to ensure steady and targeted growth of CONSUMER PRODUCT DIVISION.

SALES MANAGER

Graduate preferably with Post Graduate Degree or Diploma in Sales or Marketing Management.

AGE GROUP: 32 – 38.

Applicant must have field experience of 5 years selling consumer non-durable products in atleast 8 states in North & West Zone. He must also have experience in handling a team of professional Regional Managers, Sales Executives, Supervisors and Representatives. He should be prepared to travel atleast 20-25 days every month. He should be able to effectively implement Sales strategies designed by the Marketing Manager through the sales personnels under him.

THE PERSON: The ideal person we are looking for should be highly result oriented in the above specified age-group with minimum 5-7 years of experience. The selected candidates for all positions should be Go – Getters and be able to achieve difficult tasks in a highly competitive marketing environment.

REMUNERATION: For all the posts will be attractive & on par with the best in the industry and carry perquisites like H.R.A., L.T.A., P.F., Gratuity, Medical Insurance. For Export Posts, in addition to salary, commission may also be applicable.

Please apply with detailed bio-data giving particulars of present & past employments, products handled, area covered, attaching the proof of present remuneration within 10 days superscribing the envelope with the post applied for.

Applicants for Export Posts should attach photocopies of all pages of their passport.

Personnel Manager, P.O. Box No. 7448, Bombay-400 069.

APEX 90257

SPINNING MILL

Our client, part of a fast growing, multilocational professionally managed group of companies places emphasis alike on business growth and development of people.

The company has on its anvil ambitious plans for consolidation and subsequently massive growth and expansion and is therefore looking for a team of highly motivated textile specialists capable of coordinating speedy implementation of a new project equipped with about 34,000 spindles being set up 170 km. from Delhi. They require:

MANAGERS – MARKETING & RAW MATERIAL PURCHASE

2 Positions

The Incumbents should be Commercial Graduates with at least 8-10 years experience. They would be responsible for Sales of Manufactured Yarn and Procurement of Cotton respectively. To be able to market the manufactured yarn, the incumbent should have good contacts with Agents/Dealers of Yarn in the country and thorough knowledge of various Yarn Markets and Consumer Centres.

For Procurement, Candidates should have substantial experience and knowledge of Raw Material purchase. Good contacts and liaison in the various Cotton Growing States is desirable, to be able to procure cotton at the best prices.

MANAGER PRODUCTION

An Excellent Administrator with a tremendous knack of manpower management and yet no less capable as a Textile Technologist. Providing innovative and technical leadership to engineers and workers, reporting to the General Manager, you would be entirely responsible for manufacturing, achieving Quality & Productivity standards and reducing cost and machine down time.

SPINNING MASTERS – PRODUCTION & MAINTENANCE

2 Positions

These positions will report to the production manager and would be responsible for the production of yarn and maintenance of machines respectively. Key result areas would include continuously improving productivity and reducing cost and machine down time.

SHIFT OFFICERS

The incumbent would be responsible for overseeing Production and Quality of Yarn. Since the Mill would be Labour intensive, Administrative skills for controlling labour would be essential.

CANDIDATES for positions 2, 3 & 4 should be Textile Graduates having held similar positions in large Spinning Mills or Composite Mills. Experience in case of Production Manager should be 10-15 years, Spinning Masters 8-10 years and Shift Officers 2-3 years.

COMPENSATION PACKAGE is very attractive and is no constraint for the talent we are seeking. Besides other liberal perks it would include Company Housing.

Write in strict confidence quoting SH-14-150 to:

THE SEARCH HOUSE

1112, Arunachal, 19, Barakhamba Road, New Delhi-110 001. Phone: 3713144

LEADERS IN EXECUTIVE SEARCH

VIVID INDIA

A well known rapidly expanding professionally managed company with a current annual turnover around Rs. 35 crores in bulk drugs, whose plants are approved by FDA, USA, would like to recruit the following managers to strengthen its management team for a planned expansion. The company is in the process of making a further investment in excess of Rs. 30 crores into packaging, adhesives and fermentation based products.

MANAGER–MATERIALS

North India

Age: 30-35 **Rs. 6500-7000 p.m. + house, etc.**

The responsibilities of the position cover procurement of raw materials, consumables, spares, project purchase including all facets of imports liaison and clearance, vendor development and despatch of finished goods.

Applicants should be engineers preferably with MBA, aged 30-35, with a background in the chemical/ pharmaceutical industries.

MANAGER–PRODUCTION

North India

Age: 30-40 **6500-7000 p.m. + house, etc.**

The incumbent would be responsible for planning and optimisation of production of drug intermediates/fermentation products/chemicals, operation of utilities and liaison with government agencies. The key area of the job is maintenance of high standards of quality in line with GMP norms. He must have the ability to motivate and carry a team of young managers to achieve the agreed targets.

It is expected that the incumbent would be a chemical engineer or M.Sc chemistry, aged 30-40, with sound experience in production of drugs or chemicals. Experience in the fermentation industry will be preferred.

MANAGER–PROJECTS

North India

Age: around 35 **Rs. 6500-7000 p.m. + house, etc.**

The responsibilities of the position include successful execution of all projects of the company from the drawing board stage to start up and commissioning. It would involve negotiations with vendors, detailed engineering of the projects, dealing with consultants and contractors, liaison with government and collaborators for effective transfer of technology and management of a highly motivated and outstanding team of project engineers.

Applicants should be graduates in chemical engineering, aged around 35, and should have hands on experience in handling and commissioning chemical plants. Wider experience relating to mechanical, civil and electrical engineering aspects would be an advantage. Knowledge of PERT/CPM techniques is desirable.

ASSISTANT MANAGER–PROJECTS

North India **Rs. 6000-8000 gross**

The company would like to strengthen its project team with the recruitment of 2-3 bright young engineers who will assist the Manager-Projects in project planning, detailed engineering, negotiating with vendors and dealing with consultants and contractors.

Graduate engineers aged 28-30 with experience in process design, detailed engineering and project execution would be considered. Exposure to production, process, maintenance, etc, would be an advantage.

In addition to the salary and perquisites indicated above, the company also provides conveyance allowance, leave travel, medical, house furnishing and retirement benefits. A higher start and company car could be considered for outstanding candidates at the manager level.

MSG

Please apply in strictest confidence within 10 days indicating contact telephone number to:

MR. ASHOKE BAHL
Director

MANAGEMENT SERVICES GROUP
Marble Arch Apts, 9 Prithiviraj Road
New Delhi-110011

APOLLO TYRES LTD

REQUIRES

PROFESSIONAL MANAGERS-DELHI

APOLLO TYRES LTD. is one of the leading tyre companies. We are on the threshold of growth and change. We invite professionals of high integrity in the following areas:

DY. MANAGERS-MARKETING

The job responsibilities involve providing marketing inputs such as developing and implementing market strategies and other staff support function to the sales team. The ideal candidates would be graduates, not more than 28 years of age, with MBAs from reputed institutes with high communication and motivating skills and having 3-5 years' experience in medium to large organisations.

DY. MANAGER-LEGAL

The job involves handling of Civil and Commercial cases. The ideal candidate would be a law graduate, not more than 28 years of age, with 5 years' experience or be an advocate with 2-3 years' experience.

DY. MANAGERS-ACCOUNTS & FINANCE

The ideal candidates would be CAs or MBAs with specialisation in accounts and finance from reputed institutes, not more than 30 years of age, with 3-5 years' experience in all aspects of accounts and finance in medium to large organisations.

DY. MANAGER-PERSONNEL

The job responsibilities would involve development and implemention of personnel policies and providing impetus to the organisational change process. The ideal candidate would be an MBA, not more than 28 years of age, with excellent communication and interpersonnel skill and having 3-5 years of experience in Corporate Personnel functions in a medium to large organisation.

These are challenging positions for self propelled, result-oriented individuals with excellent growth prospects. Salary will not be a constraint in the choice of the candidates. Please apply in strict confidence, within 10 days from the date of this advertisement, to:

HUMAN RESOURCES DEVELOPMENT DEPARTMENT
Apollo Tyres Ltd.
4th Floor, Skylark Building
60, Nehru Place, New Delhi-110 019.

LEADERSHIP THROUGH QUALITY

DALMIA INDUSTRIES LIMITED

The **DALMIAS** are a diversified industrial conglomerate with interests in Dairy products, Cigarettes, Chemicals, Telecom, Resorts, Advertising and Film production, besides other products. The projected turnover of the group for 1992 is Rs. 1000 crores.

DALMIA INDUSTRIES LIMITED, which manufactures/markets a range of FOOD and NUTRITION PRODUCTS, with a turnover of around Rs. 40 crores is on the threshold of an exciting growth era through diversification/additions to its PRODUCT RANGE.

AREA SALES MANAGERS

PRINCIPAL CITIES **ATTRACTIVE TERMS**

The Area Sales Manager's responsibilities include managing a distribution system that comprises a Company Sales Force, Stockists, C&FAs, Dealers, etc. in a designated area. He needs to have excellent qualities of leadership, man-management abilities and an aggressive sales orientation to meet the demands of a highly competitive marketing environment. The Company looks for strengths in the areas of planning, co-ordination, analysis and innovative thinking.

He will report to the Regional Manager.

Candidates should be graduates around 30 years of age, preferably with post-graduate qualifications in Marketing from leading Management Institutes. They should have 3 to 5 years of experience in managing a sales force in consumer product companies with a distribution network involving Depots, Stockists, Dealers, etc.

MANAGEMENT TRAINEES

Candidates should be MBAs with specialisation in Marketing from reputed Management Institutes.

Selected candidates will undergo training for a period of 12 months. During the training period, they will be paid an attractive Consolidated Stipend. On successful completion of the training, they will be absorbed in the Company's Management Cadre in either Sales or Marketing functions.

Send your detailed RESUMÉ for the above posts within 10 days to :

General Manager – Marketing
Dalmia Industries Limited
I-E/I, Jhandewalan Extension
NEW DELHI-110 055

GOVAN/DIL/2045/90

SOUTH INDIA VISCOSE IS A MULTI-BUSINESS COMPANY, SERVICING DIVERSE MARKET INTERESTS. WE ARE NOW DIVERSIFYING INTO NEW AREAS AND EXPANDING OUR EXISTING ONES. IN TWO YEARS' TIME OUR TURNOVER WILL BE RS. 300 CRORES. WE ARE A PROFESSIONALLY MANAGED COMPANY, AND OFFER A CONDUCIVE WORK ATMOSPHERE.

For our Edible Oil business we require

Manager-Commercial (Edible Oils)

Location - Coimbatore

He will be responsible for the procurement of raw materials such as sunflower, cotton seeds, rice bran, etc., and related support materials. He will also handle marketing oil in bulk.

He should have a degree in Oil Technology, preferably with a qualification in Business Management. He should have 10 - 15 years of experience in the procurement of edible oil or in a related industry of which 5 years should have been in a senior position.

Manager - Consumer Marketing

Location - Coimbatore

He will be responsible for the consumer sales of edible oil. He is expected to liaise closely with dealers and retail outlets and develop an effective distribution network.

The candidate should be a graduate, preferably with a qualification in Business Management and conversant with product promotion schemes. He should have 10 - 15 years of experience in consumer marketing of which 5 years should be in a senior position in marketing Edible Oils or other Consumer Products.

We offer an attractive remuneration package. Salary is negotiable for the right candidate.

Please apply within 10 days enclosing a detailed bio-data superscribing the position applied for on the envelope:

THE GENERAL MANAGER - HRD/PERSONNEL
SOUTH INDIA VISCOSE LIMITED
1977-A, Trichy Road,
Singanallur Post,
COIMBATORE - 641 005.

HEAD OF MARKETING RESEARCH

Consumer Product Multinational

Bombay

Excellent remuneration including housing, car, etc.

A well known multinational company, respected for its marketing skills, especially in the consumer segment, wishes to recruit an outstanding professional to head its marketing research function.

The incumbent would have overall responsibility for the marketing research function, lead a team of seasoned market researchers and would be an important member of the senior marketing team. The company is strongly committed to market research and has a research budget which is among the largest in the country.

Applicants must be MBAs preferably from the IIMs, with atleast 10 years post-qualification experience primarily in the area of marketing research with reputable research agencies or consumer product companies. Some experience in marketing/advertising would be an advantage.

Preferred age: 32 – 37 years.

The post is in the senior management cadre and therefore, remuneration should not be a constraint. Future prospects are excellent based on performance. Moreover, it is an established practice of the company for its managers to be sent abroad for training and on secondment to operations in other countries.

Please apply in strict confidence, within 10 days to:

A. F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref. MS/5517".

Our clientele includes companies from the first ten Fortune 500 organisations, the foremost being the biggest American banking company, leaders in office automation and computers in the country and the largest corporate groups in Kuwait, Saudi Arabia and Abu Dhabi, amongst other firms of repute.

We are now looking out for professionals for our client—the No. 1 in hoteliering industry :

MARKETING

Aggressive marketing professionals from service industry, with six to eight years of successful track record and an eagerness to chalk out a fast paced career path in the hoteliering industry in India and abroad.

FINANCE

Chartered Accountants with 3 to 6 years experience in large Corporate groups, articled with reputed C.A. firms. We are looking at business managers who will play a key role in the expansion programmes of our client's units and at the corporate level.

PROJECTS

Civil Engineers with 5 to 8 years experience in large capital intensive projects. The selected candidates will be project coordinators for five star hotel projects in India and abroad.

MAINTENANCE

Electrical and Mechanical engineers with 5 to 10 years experience for various positions in hotel maintenance slots all over India. Experience in Hotels/Hospitals/Marine lines is essential.

Our client is poised for major diversification and expansion, and thus the positions exist all over. Do give two to three locational preferences, a recent snap, and mail us your resume within a week.

The compensation package and benefits will by far exceed industry norms.

Noble House
MANAGEMENT AND PLACEMENT CONSULTANTS
P.O. Box No. 3531 New Delhi-110024.

RADIANT/D/NH/1190

SRF

FORMERLY *SHRI RAM FIBRES LIMITED*

CORPORATE DEVELOPMENT

SRF is a growth-oriented group with an enviable track record. The group turnover from a diverse product range, including nylon industrial yarns and fabrics, engineering plastics, fluorochemicals, bearings, auto-electricals and financial services, is expected to cross Rs.250 crores in the current year.

In order to cater to the corporate development activities of our existing businesses and new projects, we are looking for professionals, in the age group 24-35 years, from good industrial/consultancy organisations :

STRATEGIC PLANNING

(Code : CD/SP)

SRF is one of the few Indian companies to have successfully adopted formalised strategic planning which has evolved over the past seven years. Business plans are formulated at the level of each Strategic Business Unit (SBU) as well as at the corporate level for the entire group.

The job involves a systematic analysis of the business environment in order to identify business opportunities & threats and build competitive strategies. Another important role would be to continuously improve upon the existing strategic planning system and provide conceptual inputs to line managers who have the prime responsibility of formulating and implementing strategies. Besides a keen intellect, good interpersonal skills are essential.

ORGANISATIONAL DEVELOPMENT

(Code : CD/OD)

In response to the ambitious investment plans, targetted to take the group turnover to Rs. 1000 crores by 1995-96, we require professionals who have the expertise to develop, for new projects, an organisation structure commensurate with business environment/strategy, and proactively plan for manpower recruitment. After the project implementation, there would be opportunities for moving into the HRD function.

PROJECT FINANCE

(Code : CD/PF)

Selected professionals would be attached to specific projects and would be responsible for financial projections, risks analysis, obtaining long term loans through effective liaison with financial institutions, and monitoring project implementation. Subsequently, there would be an opportunity to be absorbed in the finance and accounts function of the new business unit.

These positions provide an excellent opportunity for acquiring a general management perspective and would be stepping stones to suitable senior positions.

We offer an attractive compensation package commensurate with qualifications and experience.

Please apply within 7 days alongwith a passport size photograph, superscribing the application with appropriate job code, to:

Dy. General Manager (Corporate Development)
SRF LIMITED
Express Building, 9-10 Bahadur Shah Zafar Marg,
New Delhi-110 001

SOFTWARE PROFESSIONALS

USHA SERVICES & CONSULTANTS (P) LTD. — a unit of the dynamic USHA-RKKR group of companies provide the environment for software professionals to participate in the fast moving domestic and international software market. We have been exporting software to clients in USA, UK, Europe for the last three years and are at present executing a software contract of Rs. one crore for a US client. We offer opportunities to work both in India and abroad on State-of-the-art hardware like the IBM PS/2, Apple Macintosh, Alpha Micro-super Minis, and with software tools like AlphaFix, PLANET, COMET, FINDER etc.

For our current EXPORT ASSIGNMENTS, we require software professionals at various levels ranging from programmers to Project Managers, with experience ranging from 1 to 12 years. They should have worked on and/or managed major software development projects (Experience on advanced CASE tools, database systems, and Processing Communication Protocols will be an additional advantage).

SOFTWARE DEVELOPMENT CONSULTANTS

- 8-12 years experience. B.Tech/M. Tech in computer science.
- Previous experience in development of software products for US/Europe preferred.
- Will be senior persons responsible for development of software products for export, in the area of Communications, Networking and Application programs.
- Products will use DOS, OS/2, UNIX and proprietory O.S.
- Hands on managers, with a flair for developing and supporting quality products for export.

SOFTWARE DEVELOPMENT PROFESSIONALS

B.Tech./M.Tech. in computer science, 1-8 years experience in any of the following areas.

1. **Communication/Networking:** Experience in system level programming with PCs/PC-LANS, Macintosh, PS/2 products using OS/2, UNIX based products. Also need people having familiarity with TCP/IP and/or X.25 programming. Experience in client/server system would be plus.
2. **Application Programs:** Experience in writing application programs, preferrably for products being sold in US/Europe. Will require ability to work with specifications and sample programs to implement the product.
3. **Real-Time Software Applications:** B.Tech./M.Tech. Electrical Engineering with experience in VAX/VMS environment for process control applications.

All above positions will require close interaction with the marketing organisations abroad and may require extensive travel abroad.

COMMERCIAL EXECUTIVE (SOFTWARE EXPORT)

Will be responsible for coordination of software export activities in terms of liaison with various Government agencies in India.

We assure challenging assignments and commensurate compensation packages.

Please apply in strict confidence with detailed resumes (with contact telephone Nos.) within the next 7 days to:

GROUP VICE PRESIDENT (HRD)
USHA SERVICES & CONSULTANTS (P) LTD.
3 Bhikaji Cama Place, New Delhi-110066
Phones: 6873447, 676901

VICE-PRESIDENT — CEMENT INDUSTRY

(South India)

We are one of the largest cement manufacturers in the country and are on the look out for an outstanding and high calibre Vice-President to take charge of our dry process cement plant which has a capacity of over one million tonnes per annum.

The incumbent should have proficiency in achieving high productivity levels and efficiencies, continuous updating of technology and cost reduction measures for maximising profits.

Candidates should be Mechanical/Electrical Engineering graduates preferably with additional qualification in management having relevant experience at senior levels. Ideally, the candidate should be holding the position of GM at least for the last 5 years with a proven track record of achievement and excellent managerial skills. In-depth knowledge of dry process cement technology is essential. Must be a strong administrator having the capabilities of motivating the entire work force through team-work and harmonious industrial relations. Should be highly cost conscious with an eye on profit maximisation. Knowledge of Telugu is desirable but not essential. Age around 45 years.

Salary will not be a constraint for the right candidate. Please write with detailed bio-data in strict confidence to:

Box No. AA/321/CR/2
Business India
Wadia Building,
17/19 Dalal Street
Fort, Bombay 400 001.

Modern

NEEDS

EXECUTIVE DIRECTOR

Our is a well established, reputed and fast expanding Industrial Group having five plants at different locations, in Rajasthan. The Group turnover is to the tune of Rs. 150 Crores which is likely to touch Rs. 300 Crores in the next three years.

We need a TOP Flight chief executive as EXECUTIVE DIRECTOR to be stationed at our Electro Porcelain EHV Insulator Plant at Abu Road (Rajasthan), person who has clearcut vision for profitability and future growth of the organisation is the one we are looking.

His areas of responsibilities entail an over all control of Production, Maintenance, Marketing, Finance and related areas. Meaningful coordination with Departmental Heads, Visible Leadership, Superior man management skills and good Commercial and Financial exposures are the Hall Mark of this position. His immediate thurst would be on optimum capacity utilisation.

A TOP NOTCH Technocrat CA/MBA with proven Managerial Experience of 15 to 20 years in a large Engineering/ Process Industry of repute out of which at least 5 years as No. 1 will fit our slot. Preference would be given to those who have exposure to the high tech ceramic, cable, conductor, electrical industry and not above 45 years in age.

Please apply in confidence immediately with detailed Bio-data stating age, qualifications, experience and present/expected salary with two good reference to:

Vice Chairman
Modern Group of Industries
709, Ansal Bhawan,
16, Kasturaba Gandhi Marg,
New Delhi - 110 001.

RA & SS

GENERAL MANAGER (MARKETING)

A well managed profitable electrical engineering group of companies requires a top class dynamic marketing professional to be based at Head Office in Western Suburb of Bombay.

The incumbent, reporting to Managing Director, will have overall responsibility for the marketing and sales functions of all the companies under the Group. His responsibilities would include developing and implementing marketing strategies and plans, launching of new products and establishing infrastructure for sales distribution in highly fluctuative and competitive market.

The candidate aged around 35-45 years, should be a graduate preferably with a management background and 10/15 years experience in marketing engineering products with a successful track record.

Salary and other remuneration will be negotiable and will be commensurate with the merits and experience. Persons drawing less than Rs. 1 Lakh per annum need not apply.

Please apply in confidence within 10 days to:

Box No. AA/321/IJ/3,
Business India
Wadia Building
17/19 Dalal Street
Fort, Bombay 400 001.

SRF

FORMERLY ***SHRI RAM FIBRES LIMITED***

We are a fast growing multilocational group of companies with an expected turnover of over Rs. 250 crores in the current year. We have a highly diversified business portfolio which includes Nylon Tyre Cord, Synthetic Industrial Fabrics, Engineering Plastics, Precision Bearings, Auto Electricals, Fluorochemicals and Financial Services.

Our Consumer Products and Services Group has a number of ambitious projects on the anvil.We are therefore on the lookout for a :

TECHNICAL MANAGER CONSUMER DURABLES

(Ref. CPS/TM)

Our Consumer Durables Venture is targetted at a range of one-of-a-kind consumer products. Preliminary work is already well underway with a team of project personnel. We are on the lookout for an outstanding technocrat to implement the projects and eventually take over as Head of Operations. The applicant should be a Mechanical Engineer with about 12 to 14 years of experience in leading organisations in Projects as well as Manufacturing, and possess excellent man-management skills.

We offer excellent career growth and remuneration. Kindly send your resumé quoting the relevant reference number, within 10 days to:

Sr. Manager (Personnel & Systems)
Consumer Products and Services Group,
SRF LIMITED
Express Building,
9-10, Bahadur Shah Zafar Marg,
New Delhi-110 002.
Tel : 331 8155

A leading light engineering industry manufacturing high precision auto components with plants at Madras and Hyderabad wishes to recruit a profit centre head for its Hyderabad plant. The Hyderabad plant has a sales turnover of around Rs.12 crores and employs about 400 persons.

DIVISIONAL MANAGER (WORKS)

(MS/4378)

Hyderabad **Excellent compensation**

The Divisional Manager (Works) would be responsible for production, PPC, quality control, plant maintenance and industrial relations.

Candidate should be mechanical/ production engineering graduate with about 15 – 20 years experience in a light engineering industry making precision components. The incumbent should have been the production head in a precision machine shop engaged in batch/mass production with some experience/knowledge in Forging and Heat Treatment. Exposure to modern plant maintenance will be an added advantage. Familiarity with computers preferred. Knowledge of Telugu is essential. Preferred age around 40 years.

Salary would be attractive and perquisites would include housing, car, LTA, medical and retirement benefits.

Applications, which will be treated in strict confidence, should be sent within 10 days to:

A.F. Ferguson Associates,
Post Bag No. 1261,
Madras 600 034,

giving full details of age, qualifications, experience and salaries drawn. Applications and envelopes should be marked "Ref: MS/4378".

THE OBEROI GROUP
requires

A REGIONAL DIRECTOR SALES & MARKETING

Applications are invited for the position of a Regional Director of Sales & Marketing for the Western Region to be based in Bombay.

Applicants should be dedicated, have strong leadership qualifies and excellent analytical abilities. The selected candidates will be responsible for generating sales from his or her region for all the hotels in The Oberoi Group.

The post is open for candidates preferably with an M.B.A. and at least five years experience. Experience in hotels or a service industry will be considered an advantage.

Selected candidates can look forward to a challenging opportunity to contribute substantially to the growth of the company in a competitive environment.

Attractive emoluments in addition to salary include house rent allowance or company leased accommodation, company car and driver and other perquisites.

Interested candidates should apply within 10 days with a complete curriculum vitae to:

THE VICE PRESIDENT,
Human Resources,
The East India Hotels Ltd.,
7, Sham Nath Marg,
Delhi-110 054.

Oberoi Hotels International

THE INDIA CEMENTS LIMITED

COMMERCIAL MANAGER-CMM5/90
REAL ESTATE & PROPERTY DEVELOPMENT

The Company is looking for graduates, preferably with a Master's Degree in Business Administration from a recognised University/Institution. Additional qualification in Civil Engineering is desirable. Relevant experience of 5 to 10 years in identifying prospective business and in planning and co-ordinating the commercial aspects of projects from conception to execution, including liaison with Government Department for requisite clearance, is essential.

Desired age: around 35 years.

The Company offers an excellent salary package and perks, commensurate with qualifications and experience.

Candidates meeting the above requirements may apply within 10 days with complete bio-data indicating salary drawn and expected, superscribing the envelope with the Ref. No., to:

Vice-President (Operations)
The India Cements Limited
'Dhun Building', 827 Anna Salai
Madras 600 002

SANKAR CEMENT

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prakash
air freight (p) ltd.
COURIER DIVISION

We are a rapidly expanding courier company on the look-out for budding corporate talent in our mid-level management ranks:

MANAGEMENT TRAINEES

Fresh Management Graduates of the highest calibre. From business schools of all-India repute. Ready to face the demands and challenges of one of the most competitive business environments today.

Selected candidates will receive a thorough training, covering all departments of the industry, prior to placement at different Company stations anywhere in India, with full responsibility for meeting the desired targets and profitability of the branch.

The remuneration package ranks among the best in the industry.

Interested candidates may apply, enclosing a detailed c.v. and passport-size photograph, superscribing the envelope with the reference M.T., to-

PRAKASH AIR FREIGHT (P) LTD.,
Bezzola Commercial Complex,
A-Wing, Ground Floor, Sion-Trombay Road,
Chembur, Bombay-400 071.

ART-5570

VICE PRESIDENT—OPERATIONS

(US Multinational)

Near Delhi **Gross emoluments: Above Rs. 3 lakhs p.a.**

A well known US multinational in the precision engineering industry which has operations in the USA, Europe and Asia and is a market leader, worldwide, wishes to recruit a Vice President-Operations for its joint venture being set up near Delhi with an investment of around Rs. 50 crores.

Reporting to the Managing Director the selected candidate will be totally responsible for all the activities related to operations at the plant. His key area will be to achieve pre-determined production targets in a high volume precision industry which meet international quality standards. His responsibilities will cover, apart from manufacturing, industrial and plant engineering, materials management, quality assurance, project related activities and all aspects of human resource management.

The person that we are looking for should be a mechanical or electronics engineer from a reputable institute. Those with a post graduate qualification in business management will be at an advantage. He should have about 15 years of experience in a high volume precision engineering assembly/ manufacturing industry of which at least 5 years should have been as a unit/departmental head. He must also have a track record which indicates a high level of achievement and strong leadership qualities.

Preferred age : 40 - 45 years.

The potential for growth for an outstanding candidate is excellent.

The gross emolument package will be negotiated around the figure indicated above and can be structured to suit the individual.

Please apply in strict confidence within 10 days to:

A F Ferguson Associates
Hansalaya, Barakhamba Road
New Delhi-110 001

giving full details of age, work experience and salary drawn. All applications and envelopes must be marked **'Ref.: MS/4940.'**

VICE PRESIDENT—FINANCE

(US Multinational)

Location: Kanpur **Salary: Comparable with the best in the country**

A well established diversified Group with an excellent foreign collaboration and a turnover of over Rs. 25 crores wishes to recruit a Vice President-Finance. This could lead to a Board level position. Most of the Group's products are market leaders.

The incumbent would be responsible for all finance and accounting matters, taxation, dealing with financial institutions, export financing, financial management and strategic planning — particularly for exports which has been identified as a major growth area.

Apart from the long term growth and profitability his current key responsibility would be to considerably strengthen the accounts and finance functions.

The person that we are looking for must be a Chartered Accountant, around 45 years of age with at least 10 years of senior level experience as the head of finance in at least a similar size company. He must have had exposure to all the above functions.

The emoluments structure would compare with the best in the country and would include a house, car and driver and the other usual benefits applicable to positions of this seniority.

Please apply within 10 days to:

A F Ferguson Associates
Hansalaya Barakhamba Road
New Delhi 110 001

giving full details of age, qualifications, experience and salary drawn. All applications and envelopes must be marked **'Ref.: 4939'**.

THE DELHI STOCK EXCHANGE ASSOCIATION LIMITED

requires

GENERAL MANAGER

Qualifications :
Post Graduate in Commerce/Economics/Computer Engineering/M.B.A. with specialisation in Computer Programming.

Experience :
At least 7-8 years in the field of Corporate Administration/Computer Programming/Capital Issues/Stock Exchange administration and related areas with particular preference for regulation of Trading and Computerisation of transactions.

Age :
Between 30 to 40 years.

Emoluments :
Around Rs. 70,000/- per annum inclusive of all allowances in the scale of Rs. 2250-75-2400-100-4000.

Apply within 15 days from the date of advertisement to Executive Director,
The Delhi Stock Exchange Association Limited, 3 & 4/4B, Asaf Ali Road,
New Delhi-110 002.

Sobhagya/116/90

Shilputsi

Shilputsi Consultants have been retained by a well-known multinational consumer products company to recruit a

GENERAL SALES MANAGER –

BOMBAY

The Job: The GSM will be responsible for managing all-India sales through a team of Sales Managers and Officers. He will also be responsible for achieving sales targets, motivating the sales team, training and providing leadership.

The Candidate: Should have operated at a senior level in the sales function of a well-run large/medium sized professionally managed company and have 10 to 15 years experience in Sales/Marketing of Consumer Products. Exposure to a competitive market scenario is essential.

Age: 33-40 years

Remuneration: Will be in line with Industry Standards.

Please apply in strict confidence to:

Pratibha Sheth,
Executive Director
Shilputsi Consultants,
P.O. Box No. 9386
Bombay 400 026

Shilputsi

SHILPUTSI CONSULTANTS have been retained to recruit a

GENERAL MANAGER MARKETING – CHEMICALS

BOMBAY

Our clients are part of a well diversified group. They are leaders in speciality chemicals, backed by a strong technical development cell. The company is poised for further breakthroughs in new applications and products.

The job: The General Manager Marketing will be responsible for formulating annual marketing plans and implementing them. He will be responsible for managing the sales force and initiating new product ideas and applications.

Qualifications: M.Sc. or Chemical Engineer with at least 10 years of experience in selling industrial chemicals. He must have a sound commercial sense, ability to communicate, leadership qualities and an eye for new product applications.

Remuneration: The company offers an excellent package. Housing will be provided if necessary.

Please apply in strict confidence to:

Pratibha Sheth
Executive Director,
C/O. **SHILPUTSI CONSULTANTS,**
P.O. Box No. 9386,
Bombay 400 026.

ABC's major specialisations include Corporate Consultancy • SWOT Analysis • MIS •

Insurance Consultancy • Socio-Economic Studies •

Operations Research • Industrial Engineering

DY. GENERAL MANAGER

Consumer Durables Sales

Bombay **Rs.1 lac p.a. + car + benefits**

Our client is a highly successful and progressive company manufacturing and marketing consumer durables. The products are well established in the market and enjoy excellent brand image. To strengthen their operations in the West, they are on the lookout for a high powered sales professional to head the regional operations.

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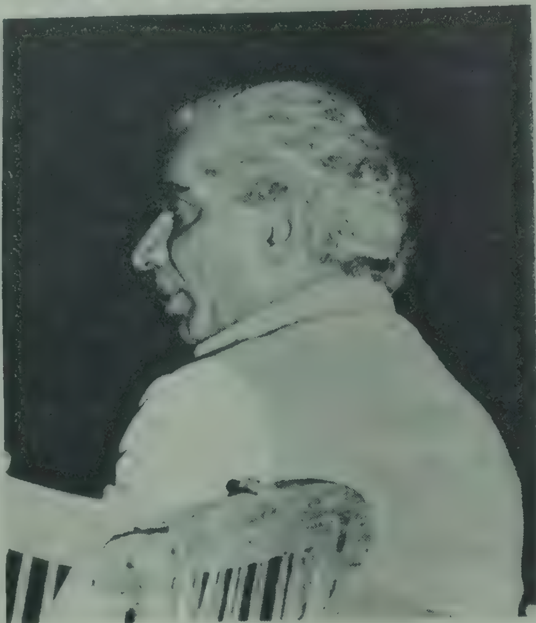
'We are not out to find fault'



Jaswant Singh, *the Bharatiya Janata Party MP from Rajasthan, intends to empower the estimates committee of Parliament, which he now chairs. In an interview with* Business India, *Singh defines his activist agenda*

In what way does the estimates committee differ from the public accounts committee or the committee on public undertakings?
The estimates committee deals with budget estimates and not with the budget after the expenditure has been made. Also, it is purely a Lok Sabha committee and is neither circumscribed nor limited to the reports of the Comptroller and Auditor General (CAG). We take up investigations entirely on our own.

Does this committee function as a sort of internal auditor of the government?
No, we audit the systems of management. Budget estimates are derived and must flow out of a policy which we examine. It answers questions like, for example, how a certain policy is determined, whether it is being implemented efficiently and whether the estimates are adequate to implement the policy. We can then make recommendations to the government on either the concept of a policy or its implementation.

How do you propose acting quickly and decisively to ensure that the estimates committee makes an impact?
The selection of subjects is the first step and the second is the approach to be adopted to investigate those subjects. I must make it clear that I do not regard the estimates committee as an inquisitorial body. We are not out to find fault. We seek the co-operation of the government and its citizens and share with them our concern. And finally, we will apply only certain sharply focussed aspects of investigation in public policy.

Does this mean you will seek recommendations or suggestions from public bodies and trade bodies like FICCI and ASSOCHAM?
Certainly. I have directed the officials attached to my committee to prepare a detailed list of all the various bodies that could share their views with us on a range of subjects: the citizen and direct taxes, the citizen and indirect taxes, the role of the enforcement directorate, newsprint policy, the government's advertisement policy, etc.

For the first time in our parliamentary history, the estimates committee is going to examine the role of the Research and Analysis Wing and look into the workings of the Intelligence Bureau and the Central Bureau of Investigation. But the aim here is not to be sensationalist. We must also examine the development of the capital markets in the country, the role of the controller of capital issues and the status of the small investor.

We are also going to deliberate on oil and gas exploration, both onshore and offshore. This does not mean the working of the ONGC but a look at the policy in order to ensure that our oil and gas resources, known and unknown, are tapped in the most efficient way. This is a very wide field of investigation and I have only given examples of some of the things we wish to do.

Will some of the hearings of the committee be held in public and will its findings also be made public?
Yes. The findings and recommendations of the committee are always made public because we present our reports to Parliament.

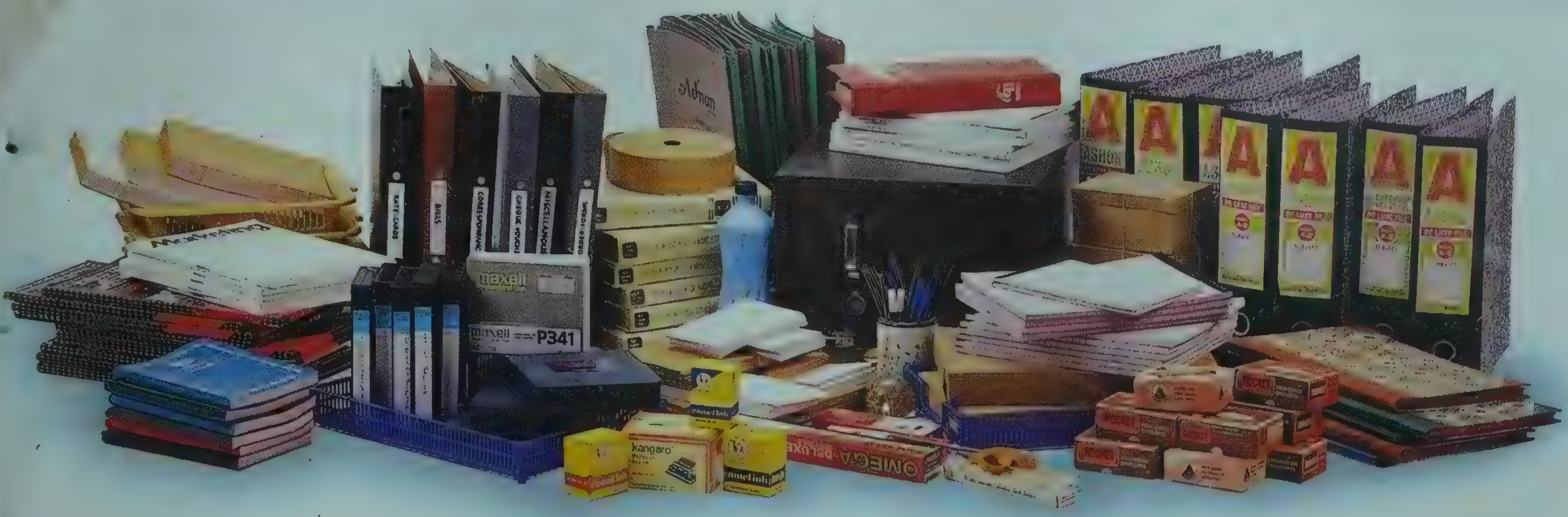
Since the BJP is not part of the government, what effect is this likely to have on the acceptance or non-acceptance of your recommendations?
None whatsoever. I must tell you that seldom in the past have these statutory committees of Parliament given anything but unanimous reports. The membership of these committees is drawn from every political party represented in Parliament and the members cast aside their party predilections and affiliations and function purely as a parliamentary committee. That is the only reason we are able to produce unanimous reports.

But the possibility that I may bring to my function as chairman a certain political philosophy of my own or of my party is not a factor that needs to be hidden.

As a matter of course, does the estimate committee consult the top echelons of the finance ministry?
Absolutely. To begin with, we have already sent detailed questionnaires to the ministry of finance. After this, more relevant questions are sent to the government. Officers of the ministry like the secretary of expenditure and others concerned are summoned. If the presence of ministers is needed then the speaker's permission is obtained.

Will the committee have the time and inclination to go through detailed memoranda, arguments and explanations prepared by those who may have studied the subject?
Take excise. We will identify the top three or four excise payers and ascertain the problems they face and the problem the department faces vis-a-vis these payers. Then we will consult these payers on what they think about policy matters and ask them to submit memoranda. Then we may pick up the ten lowest excise payers and repeat the exercise. This will facilitate a free exchange of views, and we can draw our own conclusions.

Given the fact that interpretation of tax laws gives rise to numerous litigations, do you see one unintended side effect of these exercises — the simplification of tax laws?
Of course. We will examine reports of previous committees as a starting point. There are a lot of good reports on direct taxes and indirect taxes, like the L.K. Jha report. We could begin by asking what has been done on a particular rep
This will not apply just to taxes,
fields. With reference to nation
transport, for example, there
previous reports which we
with.



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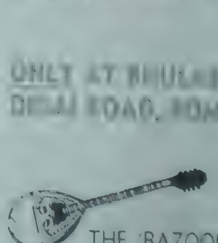

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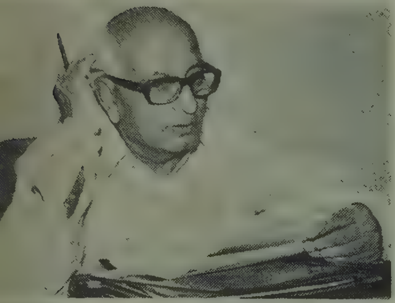

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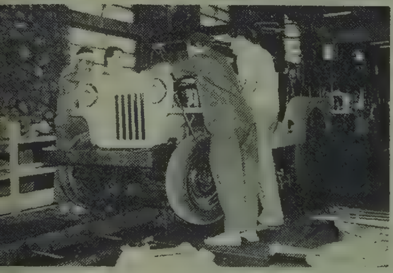

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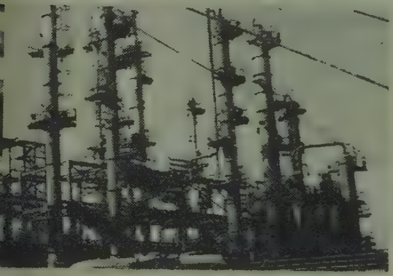

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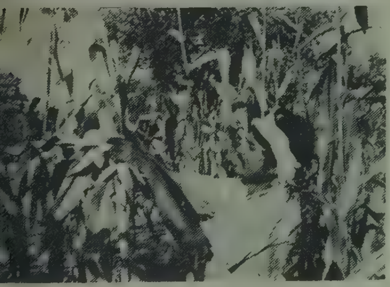

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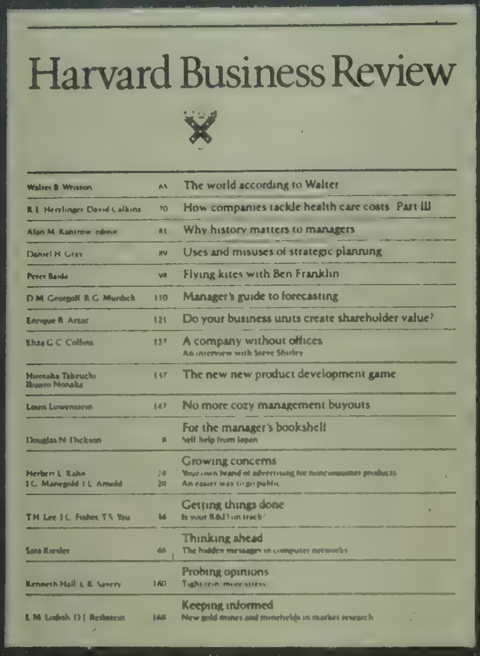

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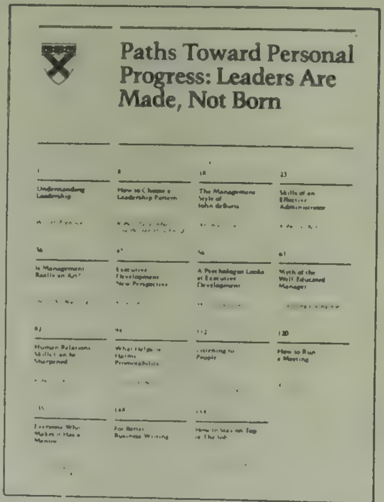

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LETTER FROM THE PUBLISHER

For this fortnight's cover story we interviewed the finance minister Madhu Dandavate. When the interview couldn't be completed, he readily agreed to a second session and when that too was not enough, gamely he set aside time for a third session. He spoke his mind freely on a wide variety of subjects. Naturally space doesn't permit reproduction of the entire interview but we have set aside eight pages for this time's cover story to give our readers a feel of the man and the minister.

The finance minister plays a key role in government. His decisions, not only at budget time, can affect millions of people and also have a direct impact on the shape and structure of different industries. It is only too well known that since it controls the purse strings, the finance ministry has almost a veto over the actions of other ministries. This is a common pattern not only in India but in virtually all democratic societies. But in probably no other democratic society are powers so highly centralised as in India. This doubly reinforces the key central role played by the finance ministry. The result is that the finance minister has almost equal power both over his cabinet colleagues and over the states and their chief ministers.

Moreover, in India, we have virtually no independent financial sector. Banking is dominated by the nationalised banks, insurance is nationalised, and there are no independent financial institutions. Thus the financial sector (and as a consequence the capital market) is totally dominated by the central government, and the finance ministry in particular. Our fiscal laws specifically discourage or prohibit the establishment of private sector financial organisations.

With such a high degree of centralisation it is inevitable that the finance minister is the focus of attention not only for business and industry circles but also for the common man, next only to the prime minister. While it is the finance minister who must take the credit for either giving a big boost to the economy, equally he is responsible if he fails to do so. Of course, the budget is his most visible public act, but no budget alone is adequate to deal with the key problems of the economy. It is the decisions, both major and minor, taken right through the year, that determine the success or failure of the finance minister. Yet, in spite of the finance minister performing a pivotal role in recent years, we have rarely had one who has lasted beyond two years.

Dandavate has carefully thought about many of the issues a finance minister must face. He is gentle, friendly, thought provoking and open to ideas. Almost everyone has only pleasant words for the man. But is this enough? Dandavate himself freely admits to his socialist background and, no matter how pragmatic his decisions are, unless he and his prime minister are willing to reverse this excessive centralisation and allow institutions to develop totally independent of government, the government will not be able to give a new thrust and direction to the economy. With East Europe casting aside almost half a century of centralisation and concentration of power in the state, surely we in India must also question the validity of these ideas.

Ashok H. Advani

When it comes to providing safe drinking water, it's amazing how many companie are stuck in the 19th century.

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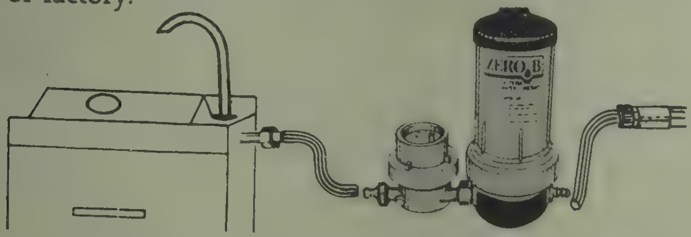

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If I appreciate the rates, I'm tightfisted. If he does, he's being prudent.
If I choose the Council or Committee Room, I'm straitlaced. If he does, he's very corporate.
If I choose the Gardenside Verandah, I'm experimenting too much. If he does, he's innovative.
If I choose the poolside for a cocktail party, I'm a show-off. If he does, he's flamboyant.
If I want a decorator arranged, I'm a fusspot. If he does, he's into details.
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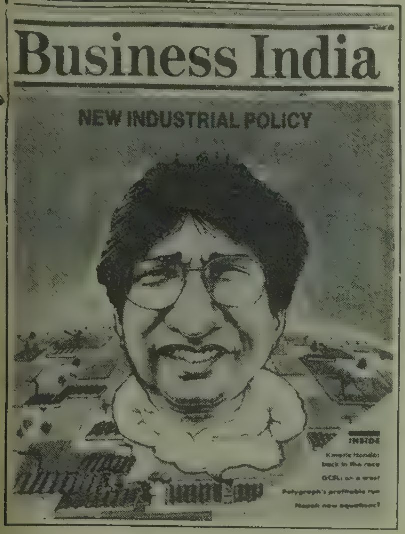


• Cutting government expenses

I congratulate you on your frank opinion on the new industrial policy (Letter from the Publisher, 11 June). Excise concessions should be delinked from SSI registration and investment, as they have promoted vested interests, not industrial competitiveness and growth.

Government expenditure must be cut with the relaxation of controls, so that industry becomes more responsive to society and the nation.

SITARAM B. SHAH
Bombay

• Good environment management

We all know how badly the environment is being managed (Cover Feature, 28 May). But, certainly, there are cases of excellence — be it connected with industrial management, area management, or people's participation.

Need we see photographs of smoke, polluted water and heaps of solid waste all the time? I am quite sure like me, many would be eagerly waiting for such coverage from you — a genuine search for excellence in environment management.

K.C. SHROFF
Managing Director
Excel Industries
Bombay

• Right direction

Business vs environment was interesting and I must compliment you for championing the cause of the environment. I hope that the 750-foot Tehri dam project gets shelved.

The danger posed by such a dam is immense, both in terms of human life and property.

BULU IMAM
INTACH
Bihar

• For the record

A few mistakes, perhaps inadvertantly, have crept into your article, 'Can we afford war' (Cover Feature, 14 May) particularly in the section dealing with missiles and their costs.

The Matra 550 missile costs around Rs.20 lakh each, not Rs.5.7 crore to Rs.8.5 crore. Also, the American Sidewinder is not available to the IAF. But its Soviet counterpart, costing Rs.3 to 4 lakh each is.

BHARAT KARNAD
Editor, "India Week"
New Delhi

• Not so surprising

We would like to remove the misconception of Lancelot Joseph concerning our bonus issue ('A surprise move', 28 May). He writes, "The company might attempt to get the bonus proposal cleared before the conversion of the mega issue takes place in September 1990, so as to benefit existing shareholders and also indicate to debenture holders that they face a rewarding future."

Please note that in the board meeting of the company held on 25 May, the directors have proposed to issue bonus shares to the existing shareholders and also to the convertible debenture holders including those who applied for the company's mega issue. Obviously, the company will not 'attempt' to get the bonus issue cleared before the conversion of the mega issue.

As regards maintaining dividend, the board of directors have recommended a total dividend of 70 per cent for the financial year ended 31 December 1989. This includes a special 35 per cent silver jubilee year dividend. The dividend will be paid on the enhanced capital base, including shares allotted on conversion of series three and five debentures of the company on a pro rata basis.

Regarding the viability of the company's HBI plant, EIL at no time commented that the HBI plant's viability "would hinge on the implementation of the three plants simultaneously". In fact, with the reduction in the import duty on pellets now as well as less dependence on pellets vis-a-vis lump ore in the process, the viability of the HBI plant would be better without implementing the pellets plant.

R.P. RAWAT
PRO, Usha Rectifier Corporation (India) Ltd
New Delhi

Lancelot Joseph replies: At the time of making the mega issue, the chairman, Vinay Rai, had clearly mentioned that the viability of the HBI plant would hinge on the implementation of the three plants simultaneously.

Again since the mega issue conversion has not yet taken place, the bonus entitlement is not clear.

• Collaboration mix-up

You have *inter alia* mentioned that Carrier Aircon has recently entered the air conditioners market, following a tie-up with our company for the larger water cooled package units with capacities of 10 tonnes and above (Industry Report, 28 May).

The statement is incorrect as we have not entered into any collaboration with Carrier Aircon, though we have entered into a technical collaboration with Carrier Corporation, USA, for the aforesaid package units.

S.S. SOMAN
Associate vice-president
Kirloskar Pneumatic Co Ltd
Pune

• Wrong impression

This has reference to the corporate report on Tata Honeywell (11 June 1990).

The article gives an impression that something has 'gone wrong' with Tata Honeywell. The fact is, that with more and more companies opting for the Tata Honeywell Process Control Systems, we have created a strong presence in India. In the contracting business, a period of 12 months and more is required to deliver the system. Hence the performance of a new entrant is best measured through its order booking position.

Since our inception in 1988, as many as 23 TDC 3,000 systems valued approximately at Rs.40 crore, have been booked and have been installed or are under implementation. For the newest entrant in the field of industrial automation and control systems, including the distributed control systems (DCS), Tata Honeywell's performance has been generally acknowledged by the users as the most successful of all DCS vendors.

Our accounts for the financial year 1989-90 are almost complete and we are likely to report a substantially lower loss figure than the one reported in your article. For a new entrant in this industry, this is generally viewed as reasonable and acceptable. Also, the comparisons made with some of our competitors are incomplete and factually incorrect in terms of presence in India in number of years, product capabilities, etc.

Contrary to your report, value addition at our manufacturing facility is very significant. For these types of complex control systems, value addition arises largely out of system integration, system engineering and application engineering. Our vendor development programme has been quite successful and a large number of items are sourced locally. Tata Honeywell has also made considerable progress towards indigenisation. In addition, we are adhering to the stipulated phased manufacturing programme (PMP) and the manufacturing of various modules has already commenced at our Pune factory.

Distributed control systems are meant to control the user's process completely and it involves integrating the control system to the process by the use of a very large number of interconnections, as in a power plant where up to 50,000 wires need to be interconnected between the control system and the process plants. The designing, engineering and implementation of such a large number of interconnections necessitate a very strong understanding of both the process as well as the control system. We have achieved it through proper training and engineering discipline.

By investing in training, we are creating a long term asset base, which is currently perceived by users as the best available in the market. This is a part of our philosophy — to build a long-term and successful relationship with our users without depending entirely on the name of our principals.

Our principal, Honeywell Inc., USA is highly satisfied with our in-house technical capabilities. Our people have been working for Honeywell in various international projects under execution in US and Japan.

Your article tends to create an impression that Tata Honeywell offers either very large or very small systems. This is not correct. We are the only control system company in India with a product range that can match client requirements, from 2 loops to 20,000 loops, cost effectively!

M.N. BHAGAT
President & chief executive
Tata Honeywell Limited
Pune

Roop Karnani replies: The company claims that it has booked orders worth Rs.40 crore since "inception" in 1988 and it takes 12 months or more to deliver a system. Actually the company started business in 1987 with the first order from Tata Electric. Even assuming that Tata Honeywell began in 1988, the first fifteen months up to March 89 reflects a sales of only Rs.92 lakh. In the next six months (Mar-Sept 89) the company could register a sales of only about Rs.1 crore. So if the order booking was worth Rs.40 crore and the delivery period 12 months, not even 10 per cent of orders got reflected in sales in the first 21 months. In fact, according to published figures available since the company started functioning in 1987 up to Sept.89, the company could only chalk up a meagre turnover of Rs.2 crore despite orders worth Rs.40 crore.

The training programme mentioned, is an important part of the business and the company has given it due emphasis. However, with such good business on hand, faster deliveries (in 11 months or so) would have placed the company in an enviable position.

There is no denying that Tata Honeywell is getting a foothold in the market, it might well become a market leader tomorrow, but the figures have yet to prove it.

• DCS technology

Your article, 'Still on the ground', does not give the correct facts regarding the availability of DCS (distributed control system) technology within India. While mentioning the major players which offer DCS, you have omitted Keltron Controls Division, which has played a major role in the introduction of electronic control and instrumentation with the commencement of its activities at Aroor, Kerala in 1979.

RANA S. JACOB
Kerala

• Baseless allegations

Your issue of 28 May carried a letter written by O.P. Singh commenting on the corporate report on the Punj group.

It was shocking to read references to Lloyd Insulations and Thermon Heat Tracers in the letter which seem to have been made with ulterior motives.

We wish to place on record that references to the "Khannas" and the "Punj faction" in this letter are totally baseless.

PREM PRAKASH
Managing director
Lloyd Insulations (India) Pvt Ltd
New Delhi

• Drilling machine

This is with reference to the article "Cashing in on high technology" (Corporate Report, 28 May). The picture of the drill on page 65 is not that of a "waterwell drill, but of a 4"-4½" down-the-hole drilling machine which is used for blast hole drilling.

The article was very informative and we look forward to similar articles in the future.

SANJAY JAIN
Madras

• Foreign equity investment

The solution suggested by Abhijit Sen in his article is dangerous (Column, 28 May). It is doubtful whether foreign equity investment will result in export earnings far greater than the outflow in terms of dividends or royalties. In the initial phase, foreign investments may seem attractive, but in the long run it results in economic colonisation.

The only solution is that our industrialists must collaborate with our scientists and engineers to produce new items in the frontier areas of high technology and sell them in the international market at their own price. Only excellence by our industrialists, traders, scientists, engineers and other professionals can save our country from the present crisis.

RAJESH ARORA
Bisheenpur (Bihar)

• Alumni directory

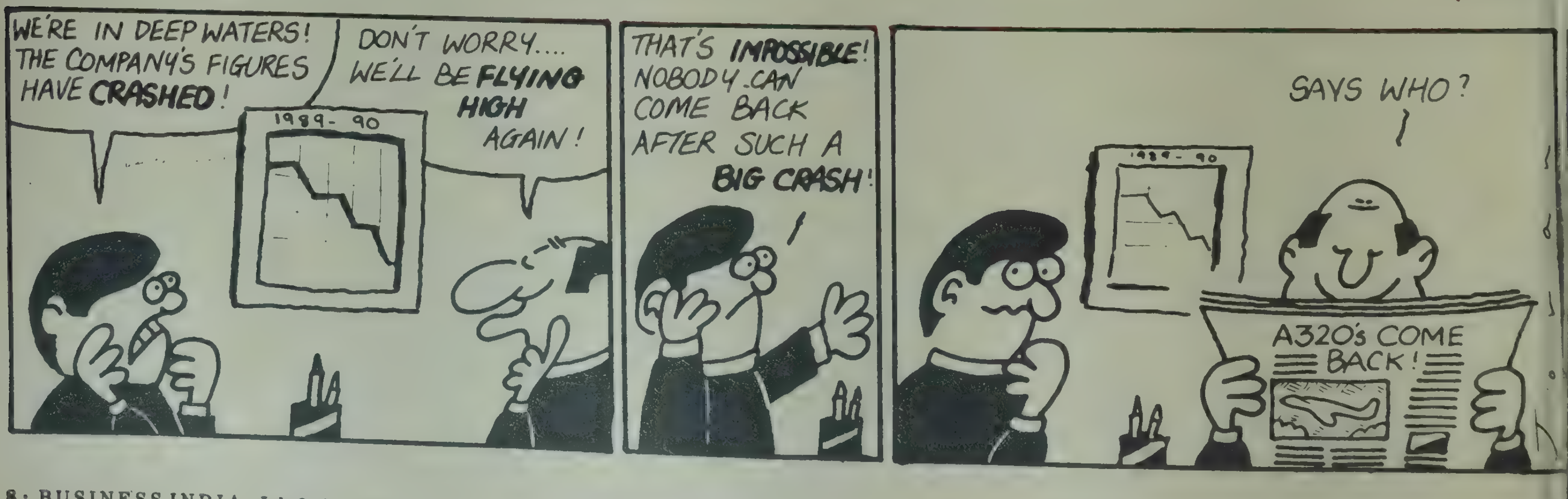
We are updating our alumni list to print the alumni directory of the institute and wish to correct the list before the middle of June 1990.

Hence we request all ex-students to kindly send these details: name, year of passing, present designation and company and home address, to enable us to print the alumni directory in July 1990.

E. ABRAHAM
Director, Xavier Labour Relations Institute
Jamshedpur

LIKE FATHER, UNLIKE SON

by Joran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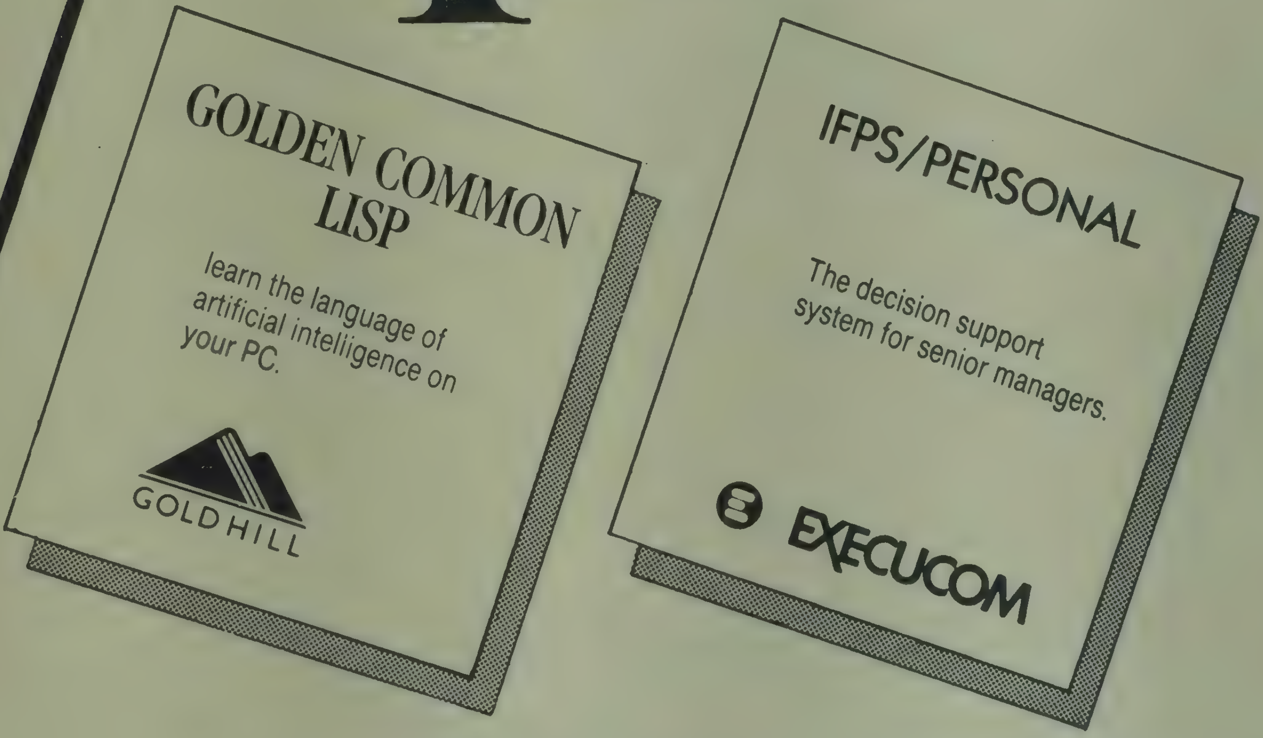
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A coy approach to the Eighth Plan

It was an approach paper that grandly called for "better management of human resources", "greater selectivity in the choice of technology" and "strict cost controls in the public sector". Is this the National Front's human side in print?

Actually, the above excerpts are from the approach paper to the Seventh Plan. The approach paper to the Eighth Plan calls instead for "gainful employment", "a much more discriminating approach in the application of technology" and "greater efficiency of public enterprises".

Then what's new? In a novel move, the current approach blames all the economy's problems on the failure to increase employment. This is trivial in some cases: for example, blaming malnutrition on unemployment is no different from saying that the poor do not eat enough because they do not have enough to eat. It is absurd in others: attributing ineffective population control to the inability of the poor to calculate the impact of a larger family on their well-being — because "the (unemployed) poor are preoccupied in coping with problems of day-to-day survival" — is anachronistic Malthusian nonsense.

Since over two-thirds of new employment is in the overstaffed public sector — by 25 per cent, according to one estimate — a target of three per cent annual employment growth is unlikely if there is to be "greater efficiency of public enterprises". The approach paper also wants publicly provided social services to grow. For the government, this means more schools, roads and hospitals while continuing to ruthlessly disregard the fact that most social services have high maintenance costs.

Providing education, for instance, is not just a matter of giving a child access to a school building in an outlying village. The more costly requirement is a permanent supply of good teachers. The result so far has been crumbly village schools staffed by indifferent teachers. The private sector ought to be given a chance. The economy is now sufficiently commercialised that incentives can replace fiat even in education, not to speak of road-building or power supply.

Worse, planners continue to be transfixed by another anachronism of our times: the Harrod-Domar model. This model calculates the capital required for the targeted rate of growth from a consideration of the investment needed to achieve each rupee of new output; this is the incremental capital output ratio, or ICOR. This investment must be financed by savings. This leads to two sets of policies, one to encourage investment as desired, such as by guaranteeing returns to fertiliser plants, the other to encourage savings, such as by issuing tax-free government bonds.

Such an approach is invalid. On the investment side, ICOR in the private non-agricultural sector (thanks to overcapacity) depends more on the demand for output than on installed capacities, while in agriculture, it varies with the monsoons. In the public sector it depends on efficiency. In other words, fixing ICORs disregards the effect of uncertain events such as the level of aggregate demand or international petroleum prices.

Not surprisingly, past ICORs have never been near targeted ICORs. On the savings side, the plan requires domestic savings to stay at 20.5 per cent of GDP without acknowledging that nominal interest rates must rise to achieve this. At present, over 75 per cent of household savings (which form 80 per cent of all savings) are in fixed interest securities, the real return on which has fallen with rising inflation and lower nominal rates. With planning still mired in the primitive Harrod-Domar model, planners are unable to explain the past and can merely acknowledge ex-post the 5.5 per cent growth in the Seventh Plan.

A national plan for economic growth should be restricted to the direction of fiscal controls on the economy. The government has made a good beginning with its new industrial policy. Its approach paper is, however, a step backward.

Still in love with controls

The minister for petroleum and chemicals has instant solutions to complex problems. One of M.S. Gurupadaswamy's first tasks was to plunge the pharmaceutical industry into a fresh round of turmoil. Last fortnight, it was the turn of the other sector under his charge — petroleum. To curb "indiscriminate use of petroleum", he announced a package of physical controls that in his wisdom would bring about savings of Rs.850 crore in the petroleum import bill. These include restricting working of petrol pumps; reducing state consumption of petrol and diesel by a fifth; cutting the railways' use of diesel; a 10 per cent cut in consumption of fuel by power houses, fertiliser and petrochemical plants, state transport undertakings; and restrictions on the consumption of kerosene, liquefied petroleum gas and other fuels.

There is no doubt that indiscriminate consumption needs to be 'curbed', but it is also true that petroleum is a productive resource. Gurupadaswamy's action, therefore, begs two important questions: are these physical controls the right way to curb petroleum use without affecting economic growth? And why should the average citizen suffer for what is manifestly a consequence of the gross mismanagement of the national oil sector?

The immediate repercussions of the actions are clear. Petrol now sells on the black market and stocking of fuel is widespread. And faced with the diktat, public transport authorities will now be even less inclined to run buses on nonprofitable late night routes. It is equally unrealistic to expect households to cut down kerosene consumption; even if they do, it will only lead to greater dependence on firewood.

Asking industry to cut back on consumption is bound to be even more counter-productive. NOCIL, for example, consumes 200,000 to 250,000 tonnes of naphtha every year. A 10 per cent cut in naphtha consumption would save the country Rs.6 crore in foreign exchange. But the loss in production would mean that the country would have to import the downstream products at a cost of more than Rs.25 crore. The consequences in key sectors like power and fertilisers, where there is already a shortage, would be even more disastrous.

Instead of looking for shortcuts, the government would do well to put the oil sector in order first.

- The nation loses around Rs.1,000 crore every year because, without a comprehensive gas utilisation programme, up to 16 million cubic metres of gas is flared every day.
- The delay on account of inter-ministerial wrangling has pushed up the price of the Kandla-Bhatinda petroleum pipeline from Rs.145 crore to Rs.917 crore.
- Over-exploitation and the failure to install crucial oilfield equipment may have destroyed oil resources to the tune of several million tonnes in Bombay High over the last five years.
- India's refinery capacity will have to be increased from the current 48.6 million tonnes to 90 million tonnes by the year 2000 to meet the growing demand. But the decision not to set up any refineries under the last plan has cost the nation dearly. A refinery requires six years to go on stream, but the economics of setting them up has been so distorted by government policies that all the three proposed joint sector refineries — Karnal (Tatas), Mangalore (Birlas) and Vizag (Mallyas) — are non-starters.

These are but a few examples of the government's mismanagement in the last decade. While oil prices declined worldwide in the late eighties, prices in India actually went up — four price increases since 1985. Dozens of countries, including Japan and West Germany, which import almost all their oil, cut their import bills not by drastically restricting consumption but by using their oil more efficiently. Our salvation also lies in that direction.

Full marks to the Germans

WEST
EAST
GERMANY
FRANCE

Last November the Berlin Wall, that grim symbol of the cold war, succumbed to the forces of history. This tumultuous event signalled, indeed, paved the way for, the union between the German Democratic Republic and its federal counterpart. Since then the speed at which the two sides have been hurtling towards merger has left the world breathless.

In March, the East Germans voted conclusively for integration. Today, barely 15 weeks later, the first big step towards unification has been taken. The treaty on monetary, economic and social union which came into effect on 1 July dismantled the last invisible barriers.

This will herald the emergence of a new economic powerhouse with a substantial share in the global sweepstakes. One estimate places the gross national product of a combined Germany at over $1,000 billion, which will be about a fifth of the US's and just over half of Japan's. While Germany itself is underplaying its added clout, there will no doubt be a new economic equation within the European Community. Despite the stabilising framework that the EC is expected to provide, western Europe (particularly France and the UK) and Germany's eastern neighbours view the reunification with apprehension — they fear the re-emergence of German nationalism.

To be sure, the price of togetherness is stiff but West Germany is prepared to foot the economic bill. It has promised to fork out 500 billion deutsche marks to rebuild its poorer half's economy over the next ten years. The generous terms of the currency conversion programme initiated by chancellor Kohl will entail an immediate cash pay-out of DM 64 billion to the East German citizenry. The inflationary danger in this currency swap is evident — eventually this will add DM 170 billion or 14 per cent to the money supply. But inflation is just one among many issues that will accompany the economic regeneration of the East, which some people have termed the 'biggest leveraged buyout in history'.

Apart from the economic cost, the real significance of this development is two-fold: the political map of Europe will be redrawn; and countries with centrally planned economies, a model that was supposed to usher in a new age, have cast them aside in favour of a free market system. By contrast, socialist dogmas, such as those the Indian government is clutching on to, can only lead to a hamstrung economy. The model of Fabian socialism that enamoured our planners and was incorporated in the Industrial Policy Resolution of 1956 is no longer relevant. As the East European example has shown, high walls can only lead to economic isolation.

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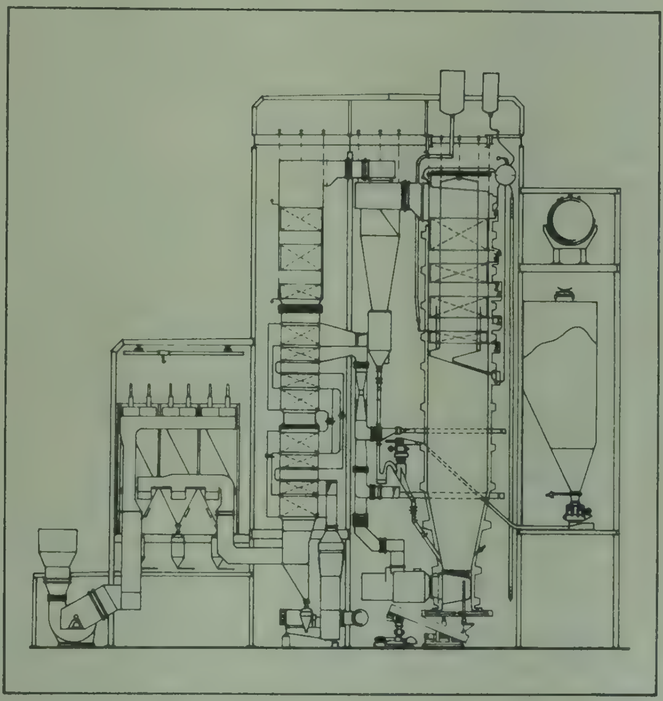

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A sort of a beginning

The Thapar-DuPont collaboration has been facing rough weather for quite some time. However, there was a breakthrough in March this year when the government gave its assent to their Rs.110-crore spandex fibre project in Goa. This has rekindled the collaborators' hopes regarding the clearance of the controversial Nylon 66 project. In any case, Thapar-DuPont has already started preparing the ground.

Recently, the company organised meetings in Bombay and Goa, with environmental groups which they feel have been "misguided by a systematic disinformation campaign". On their part, the environmentalists who attended, had come well prepared with a list of questions. To answer the queries, DuPont's own environmental planner had been specially flown down.

DuPont's stated philosophy is that "we will not make, handle, use, sell, transport, or dispose of a product, unless we can do so safely, and in an environmentally sound manner". And this concern has led to the creation of a new business division for DuPont called Safety and Environmental Resources.

While all this is indeed commendable, environmentalists wonder whether the commitment would hold for the Indian project too. The project site is located at Kesim village, 50 km from Panjim, and there is the danger that its effluents would pollute the Khanderpur river. Many questions were not answered quite satisfactorily. The Thapars' own track record on this front also is far from encouraging. "Mountains of waste have been accumulating at Ballarpur," says one environmentalist.

On the other hand, the meeting signalled that some sort of a beginning has been made. The company has given a verbal assurance that it will undertake an environmental impact study which is a prerequisite for clearance.

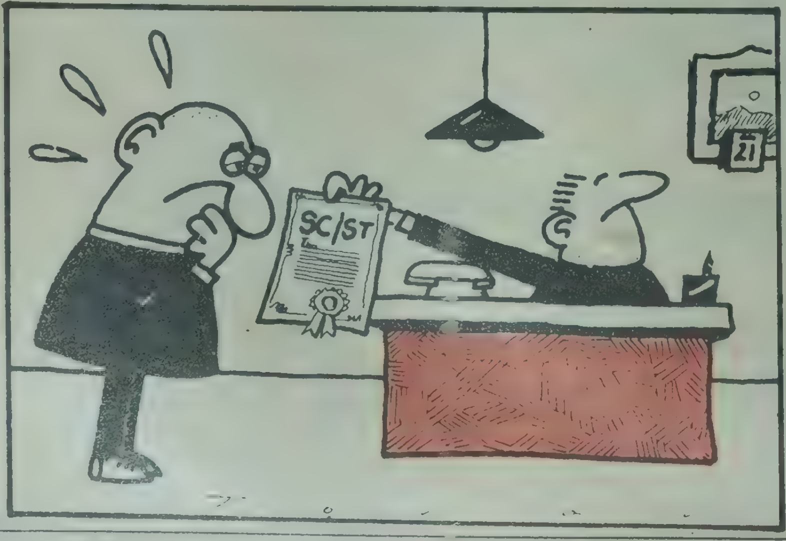
Backward treatment

When non-government employees or businessmen apply to the Bangalore Development Authority for a site, they are required to produce a domicile certificate from the *tahsildar* proving that they have spent at least ten years in the city.

A friend had applied to the *tahsildar*'s office for the domicile certificate. To his surprise, he got a certificate stating that he belonged to the backward community!

Strange indeed is the functioning of the government.

S.S. DESAI
Bangalore



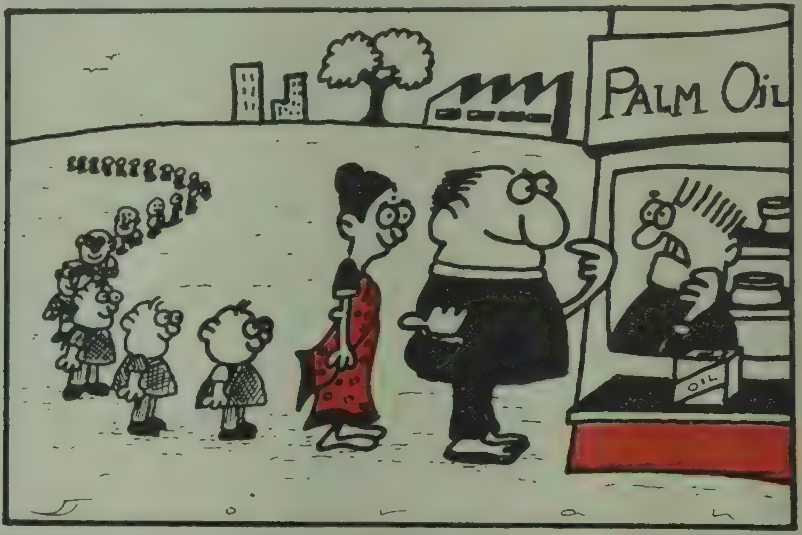
Stop family planning!

A newly married friend told me his plight regarding rationing supplies on account of a new rule framed by the government.

Earlier, a couple was entitled to a 2-kg palmolein oil tin. But now, a new rule states that card holders with five units — where one adult is equivalent to two units, and a child one unit — are entitled to 1 kilo of loose palmolein oil. And only card holders with ten units each are henceforth eligible for 2-kg tins.

In short, the government seems to think that only a large enough family entitles you to have enough palmolein oil.

AMOD A. KUMBHOJKAR
Sangli



Cable protection

Breakdowns in telecommunication networks due to water seepage in telephone cables, crossed wires and double talk during the monsoon can now be eliminated completely. Lantors, a Dutch company, has developed technology for preventing water from penetrating cables. The company manufactures tapes made of non-wovens impregnated with a waterswellable powder which is wrapped in the jelly filled cable during manufacture. In case the cable sheath gets damaged, as it would be prone to in places like Bombay and Calcutta, water is immediately arrested in a gel and prevented from entering the cable.

A. MATIN
Calcutta

Corruption in ancient India

Corruption in high places is obviously nothing new. A warning was recorded as far back as in circa 1500 BC in the *Manu Samhita*. It said: "The officers of the king are generally dishonest and appropriators of others' properties. The king should sternly deal with them."

A.V. ROY
Rishra

Business India invites readers to send original unpublished contributions to this page. The snippets can be humorous, insightful, outrageous or simply informative. Each snippet must carry this coupon.

Rs. 50 paid for each published contribution.

Magic fibre

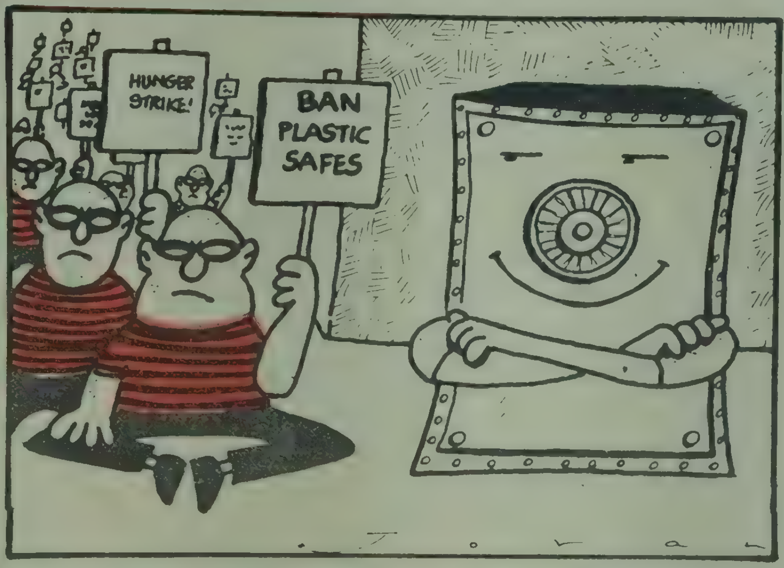
Surprising though it might seem, nylon's basic ingredients were often listed simply as coal, air and water.

This 'miracle' fibre, as some people called it, was invented on 27 October 1938 by Wallace H. Carothers of DuPont. Rumours about the properties of the fibre built up to such an extent that some believed it would 'never wear out'; so much so that DuPont had to publicly dispel some of the 'miracle' claims.

By the year 1940 nylon stockings had hit the market in a big way. But barely had it set a trend, that the fibre 'went to war'. From February 1942 all production was earmarked for military demands. The fibre proved invaluable for parachutes, glider tow ropes, jungle tents, tarpaulins and tyre cord for heavy bombers and fighters.

With the end of the war, nylon returned and led the way to the present wealth of man-made fibres.

It's plastic, it's safe!



The world's first plastic safe, just unveiled in London, has walls thinner than usual, about half the height, and yet can withstand temperatures of 1,000 degrees celsius and attack from drills, oxy-acetylene and acid.

The Planet safe is the result of development work by the Chubb Safe Equipment Company of Wolverhampton. It is said to represent a major advance in safe technology through the use of a tough, new material known as Ellox.

The new safe meets stringent international standards. In one of the tests, Planet is placed in a furnace pre-heated to 1,090 degrees celsius for 30 minutes. The safe is then dropped from a height of 9 metres (about 30 feet), to simulate the conditions of a building collapsing in a fire.

Between the lines

Anyone who markets products or services should learn the real meaning behind marketing jargon. Here's a brief glossary of buzzwords and phrases useful for developing advertising and sales literature, and also for deciphering the claims of competitors.

New! We changed the colour scheme; yellow on blue instead of blue on yellow, for example.

All New! We added a third colour, recommended by the boss' wife.

Exclusive Design! Designed overseas in a back alley.

Simplified Operation! Our designers really couldn't handle complexity.

Unmatched Performance! Almost as good as our competitors' products.

Foolproof Operation! What you see is what you get.

Advanced Design! The people who wrote the instruction sheet didn't really understand the product either.

After years of development....! Finally, we got a sample that works.

We've sold many to thousands of users! At least 1,001 people have been buying and returning our product.

High Accuracy! Our built-in computer program recognises its own calculation errors.

Sold only direct! We had an argument with our distributor and our dealers won't touch us.

Announcing a breakthrough! We finally found a way to market it.

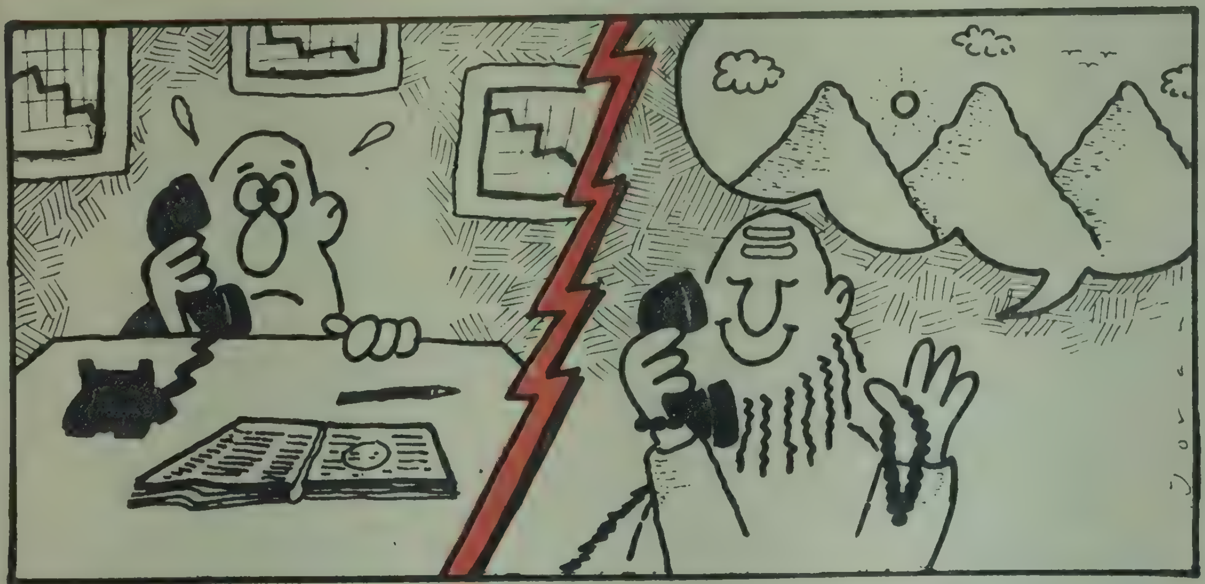
Energy Saving! Turn it off and you'll save even more.

Highest Quality performance! According to our standards, that is.

Satisfaction Guaranteed! Ours... when we cash your check.

R. RAMASUBRAMANIUM
Madras

Philosophy's good business!



Whoever said that philosophers have their heads in the clouds should take a peep into the Calicut Blue Book, a city trade directory brought out by an enterprising doctor. Even more enterprising is the entry on page 49.

Sandwiched between 'Pharmacies — Homeo' and 'Photographer' is the lofty presence of C.H. Kunhikrishna Kurup, classified simply as 'Philisopher'. Kurup even has a contact telephone number. Businessmen facing dwindling profits can now ring him up for philosophical solace. Who said that philosophy and business don't mix?

K.G.K.
Trivandrum

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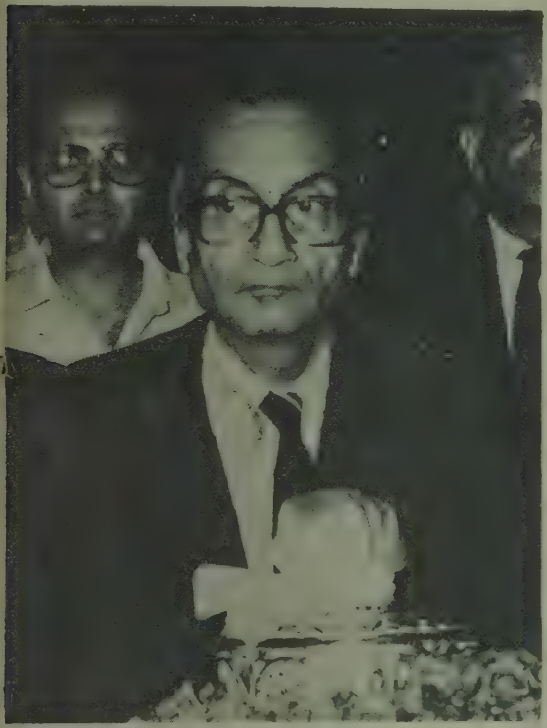
Zuari cleared

Zuari Agro Chemicals Ltd, K.K. Birla's Goa-based fertiliser company, is diversifying into electronics. Reliable reports from Goa say that the company's proposal for a joint venture has found favour with the state government.



K.K. Birla: going electronic

Zuari proposes to invest some Rs.55 crore in this project, which will manufacture specialised telecommunication equipment. The unit is to come up in the "electronic city" being planned by the government.

Incidentally, the same proposal was submitted by Zuari to the Maharashtra government in last June, but it proceeded no further. In contrast, the new Goa government appears more enthusiastic, and the Birlas are hopeful of kicking off by January next year.

Mills and booms

With the continued boom in exports of cotton yarn, a number of sick mills are changing hands. Among the keen buyers are several leading merchant exporters, many of whom have focussed their attention on the lucrative trade with East Europe, which till now has been conducted in rupees.

Ahmedabad Advance, the 90-year-old Tata mill, is one of the likely companies. Earlier, the steels division of Ahmedabad Advance had been taken over by Tata Steel, leaving the original mills in the company, which was renamed the New Ahmedabad Advance Mills (see *Business India* May 1-14, 1989).

Reportedly, Fulchand Agarwal, a leading exporter to East Europe, has been negotiating to take over the company. But with the rapid political changes in East Europe threatening to undermine the rupee trade, some industry watchers are wondering how many such deals will go through. At the same time with exports to Western Europe also booming others feel that several mills will change hands very quickly.

What, Chivas here?

Inspired by the spirit of liberalisation blowing across the Indian corporate world, one of the best-known international liquor manufacturers has come calling. A team of senior executives from Scottish liquor giant Chivas Brothers Ltd was recently in Bombay. They contacted Indian liquor barons to explore the possibility of a collaboration to bring Chivas to India. The team has since gone back home but their verdict is still to be out.

CHIVAS REGAL

Chivas: Scotch spirit

Crowding into compressors

The room airconditioners market witnessed a surfeit of new players in the recent past. And compressors, a product which has so far been the domain of Kirloskar Pneumatic and Usha Sriram, seems to have suddenly become a lucrative business. The Delhi-based airconditioning giant — Fedders Lloyd, which had been buying compressors from Kirloskar and Sriram — has just got its loan application for Rs.21 crore approved by the Industrial Development Bank of India (IDBI). It plans to set up a compressor manufacturing unit at its new plant at NOIDA.

After Carrier Aircon's successful foray into compressor manufacture, Fedders Lloyd will become the fifth manufacturer of compressors in the country (Voltas makes them only for captive use). The technological collaboration will be provided by Hitachi of Japan which already has a tie-up with Fedders for its refrigerators. With the booming market for ACs in the small-scale sector, Fedders' move may well pay off.

Son of Ambassador

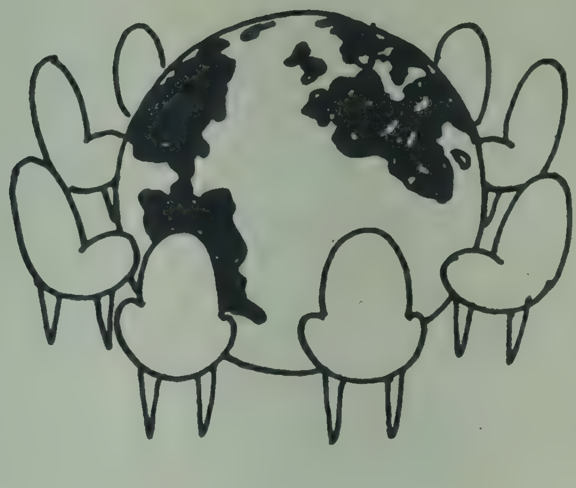
The Maruti 1000 may soon have a competitor. Rather incredibly the threat is from the makers of the boxy old Ambassador. With a jump of 162 per cent in gross profit from last year, Hindustan Motors has finally turned the corner (against a net loss of Rs.5.81 crore last year, it has shown a net profit of Rs.1.94 crore). And if one is to judge from what happened in Bombay between 9 and 16 May, Hindustan Motors is really getting ambitious.

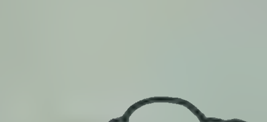
At an exhibition hall in Nariman Point, Bombay, among a Maruti 800, Premier Padmini, Premier 118NE, Ambassador and a Contessa Classic was a 1,396 cc four-cylinder Opel Kadett, with all its revealing logos and markings masked by tape. Various car owners were then subjected to a series of questions on the aesthetics and comfort of the new car compared with present Indian models.

Hindustan Motors, which has been negotiating with General Motors for export of automobile components, has imported this Opel Kadett model and plans to begin manufacturing it in India. Introduced in 1985-86 by General Motors, Europe, the German Opel Kadett with its English sibling, the Vauxhall Astra, is its best-selling car in Europe. GM also has a 50 per cent stake in the South Korean Daewoo, where it makes the same model to be exported to the US under the brand name of Pontiac Le Mans.

The grapevine has it that this 1.4 litre car will cost around Rs.3.25 lakh as against the Maruti 1000 which costs Rs.3.12 lakh.

ALL YOU WANTED TO KNOW ABOUT HOSTING AN INTERNATIONAL CONFERENCE





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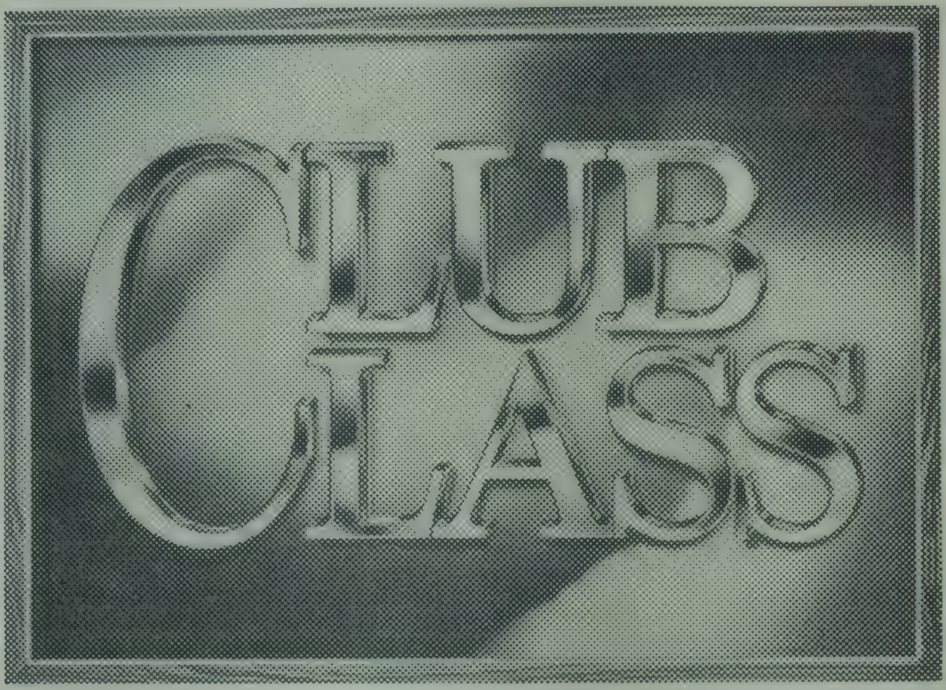
INTRODUCE



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GOVERNMENT

Loan to Iraq

India has agreed to lend Iraq US$50 million to help that country buy capital goods and consumer items. External affairs minister Inder Kumar Gujral said last fortnight that a similar loan given in 1988 had been used up and that the terms of the new credit were being finalised.

Iraqi importers buy various items like machinery and even bicycle parts from India, paying an interest of only 7 per cent from the date of purchase.

Ship buying made easy

The Shipping Credit & Investment Company of India (SCICI) will no longer have to consult the finance ministry before releasing foreign exchange for ship buyers. The ministry is preparing to place a corpus fund at the disposal of SCICI, from which the company will be empowered to lend to indvidual purchasers.

This means one step less for ship purchasers, which will help reduce delays in acquisition of vessels. The present measure is part of a series currently being contemplated by the government to simplify ship acquisition.

Revenue loss from GATT offer

India stands to lose about Rs.12,000 crore in revenue if its partners under the General Agreements on Trade and Tariffs (GATT) take up its offer to cut duty rates by 5 per cent every year for the next six years. The revenue loss would thus come to about Rs.2,000 crore per annum, on an average.

India had made a conditional offer recently to the negotiating group on textiles under GATT, of reducing the basic duty by 30 per cent over six years. The duty cut would apply to raw materials, capital goods and intermediates but not to agrigultural goods, petroleum, fertilisers and consumer items.

The offer is subject to the entire Uruguay Round package being acceptable to India at the end of the ongoing negotiations.

In particular, India has expressed a desire for freer access to the world market for its textile goods — by dismantling the multi-fibre arrangement.

Inter-state council constituted

The President of India has issued a notification formally constituting an inter-state council headed by the prime minister as recommended by the Sarkaria commission on centre-state relations.

The other members of the panel would be six cabinet ministers apart from the chief ministers of all states and union territories.

A permanent secretariat is to be set up for the day-to-day functioning of the council. The first meeting of the panel is tentatively scheduled to take place in Bangalore in the last week of July.

Housing scheme rules relaxed

The Reserve Bank of India has approved proposals to permit the National Housing Bank (NHB) to sanction housing loans to home loan account (HLA) holders after three years, as opposed to five years at present.

Under the current rules, HLA holders are eligible for loans from the National Housing Bank after a minimum of five years from the date of opening the account.

Also, the existing ceiling of Rs.3 lakh on the amount of the loan available to any individual applicant has been abolished. Loans will now be sanctioned as a multiple of one-and-a-half times the savings of each account holder.

ECONOMY

EOU clearance

A three-member committee comprising industry representatives has been set up to review the existing procedures for clearing 100 per cent export oriented units (EOUs). The committee will simplify the procedures so that approvals can be given as soon as possible on the basis of parameters such as export turnover and balancing of foreign exchange.

Export incentives tax-free

The Central Board of Direct Taxes (CBDT) has ruled that all cash compensatory support, duty drawback and sale of rep licences are revenue receipts and hence, exempt from income tax under section 80HHC of the Income Tax Act.

Jewellery exports

The exports of gold jewellery has gone up from Rs.171 crore in 1988-89 to Rs.267 crore in 1989-90, showing an increase of 56 per cent. The target for the current financial year has been doubled from the earlier projected level of Rs.400 crore to Rs.800 crore.

Modvat reviewed

A working group set up by the finance ministry to review the modified value added tax (Modvat) scheme has recommended certain modifications but has not favoured its extension to petroleum, tobacco, and textile products, matches and cinematographic films. The group has also not favoured switching over from modvat to a comprehensive value added tax (VAT) at this juncture.

Sugar production

Sugar production for the period October-May 1989-90 has reached a new high of 10.56 million tonnes (mt). Production in the corresponding period last year was 8.58 mt. With a total take-off of 6.75 mt, including 182,000 tonnes of imported sugar, between October 1989 and May 1990, the closing stock of sugar as on May 1990 stood at 5.28 mt.

Less aid

The Aid India Consortium has reduced its developmental assistance pledges to India to between $6 and $6.5 billion from the $6.7 billion of last year. The aid on concessional terms has remained at $3.2 billion.

Duty drawback

Keeping in view the budgetary changes and the data furnished by leading manufacturer-exporters, the duty drawback rates for various export products were revised with effect from 21 June 1990. The new schedule pays attention to items of those thrust industries which have considerable exports or export potential and whose inputs attract significant duties. A number of new items are also included in the scheme.

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CP/BC/005/90

Plan paper approved

The National Development Council (NDC) approved the approach paper to the Eighth Five Year Plan (1990-95). The paper places emphasis on removal of poverty and unemployment and seeks to decentralise the planning process.

DA in PF

The additional instalment of dearness allowance (DA) falling due from July will be credited to the employees' respective provident fund (PF) accounts. This will be applicable to those government employees who draw more than Rs.3,500 per month.

FI bonds

Two financial institutions (FIs) will issue bonds. The Industrial Finance Corporation of India (IFCI) will raise Rs.180 crore through bonds of 20 years' maturity carrying an interest of 11.5 per cent per annum. The Industrial Development Bank of India (IDBI) will also raise Rs.350 crore through such bonds.

Issues on downtrend

The amount raised from public issues in the capital market during the first quarter of the current financial year sharply declined to Rs.83.28 crore, from the high of Rs.538.01 crore during April-June 1989. The number of issues offered also declined by nearly 50 per cent from 42 to 22, of which 18 were under Rs.5 crore.

Eurodollar loan

The Shipping Credit & Investment Company of India Ltd (SCICI) is raising a Eurodollar loan worth about Rs.17.5 crore for its lending operations. The loan will mature after eight years and is repayable in four equal annual instalments commencing 60 months from the date of drawdown. The SCICI will pay interest at a rate substantially below LIBOR.

Mutual fund guidelines

The Union finance ministry has issued comprehensive guidelines for the functioning of mutual funds. As per the new guidelines, mutual funds will not invest more than 5 per cent of its assets in the shares of any single company. Also, the funds will not invest in more than 5 per cent of shares of any company under one scheme.

The existing funds are also required to register themselves with the Securities and Exchange Board of India (SEBI) within 90 days of issue of the guidelines. The new funds will have to get clearance from the Controller of Capital Issues and register with SEBI.

Limit on stocks

From 2 July 1990, manufacturers of edible oil and vanaspati will be able to stock only two weeks' production as against the earlier limit of one month's production of both. The stock limit for oilseeds has also been reduced. The limits have been imposed by the Union government with a view to curbing the spiralling prices of edible oil.

CORPORATE

Empire amber glass

Empire Products Ltd, a new company jointly set up by the Malhotras of the Empire group and Mahindra & Mahindra Ltd, will manufacture amber glass bottles in Sodarapet, Pondicherry. These bottles, used by the pharmaceutical industry and breweries, account for about Rs.150 crore of the Rs.800 crore glass bottle market in the country. The Rs.47.35-crore venture will also have equity participation of about Rs.1.5 crore from Canbank Mutual Fund, with the Malhotras and Mahindras sharing the Rs.17.35 crore equity base. The rest of the equity will be raised through a public issue. The project will use the knowhow of Owens Brockway Glass Containers, US, and will be commissioned around September this year.

BBIL to launch leasing company

Following a commerce ministry directive — that public sector trading units should generate their own domestic and foreign exchange funds for finance — Bharat Business International Ltd plans to launch a leasing and finance company. The new company will mobilise all resource requirements for BBIL's subsidiaries, like STC and MMTC, and will tap both the domestic and international markets.

Notice to Standard Motor

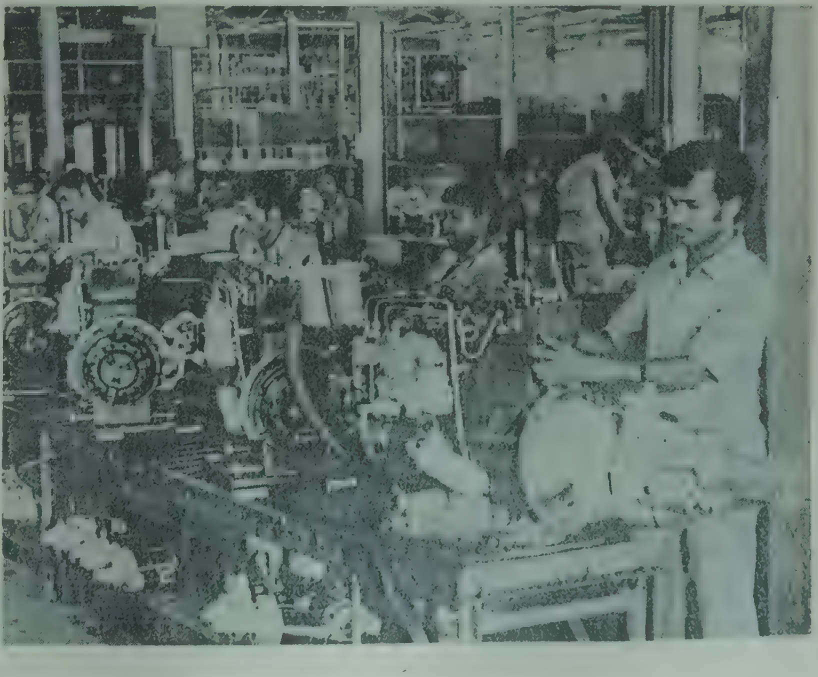
The Board for Industrial & Financial Reconstruction (BIFR) has decided to issue a notice of liquidation to the sick Standard Motor Products of India Ltd. The board issued the order since the Rs.23.6-crore revival package prepared by BIFR last month has yet to be approved by the management, the Tamil Nadu government and banks.

The state government has refused to allocate the Rs.3.02 crore stipulated by the board. The management too, has agreed to contribute only Rs.2 crore instead of the required Rs.4.13 crore, and the Indian Overseas Bank is unwilling to provide funds unless more banks participate. Workers' unions led by the AITUC and DMK have decided to launch agitations to protest against the attitude of the state government and the management.

Crompton Greaves plans expansion

Crompton Greaves, one of the largest manufacturers of electrical goods, has announced plans for a major expansion programme in the areas of telecommunication and computers. Goa Telematics Ltd, promoted by Crompton Greaves, and the Economic Development Corporation of Goa, Daman, Diu Ltd have set up a joint project for the manufacture of modems, data terminals, and PC telex interface cards. Plans for rural automatic exchanges and rural transreceivers are also lined up, as well as software systems for rural telecom networks. The company is aiming to offer a total communications package for the rural sector.

Crompton has also tied up with Teletec of Denmark for a

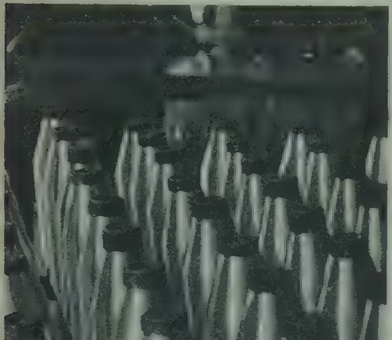


Rs.7-crore project to manufacture two-way dedicated communication networks in Bangalore. These are targeted mainly at the railways. The company also proposes to set up an electronics research centre in Bangalore which will focus on the European Community market for research projects. Plans for other projects include a communications contracting firm, manufacture of medical electronic equipment, instrumentation and process control, industrial adhesive tapes and defence electronics. Crompton has already tied up with several foreign companies for many of these projects.

INDUSTRY

Silk yarn exports

Silk top exporters are switching over to silk yarn, in line with the government policy of promoting exports of value added products. India, which is the principal supplier of raw material to the international silk market, has so far concentrated on the export of silk tops, the basic raw material for the manufacture of silk yarn. In response to enquiries from Italy and Switzerland, manufacturers are now going into production of silk yarn, which can earn more foreign exchange as a value added item.



IAAI notice

In a warning sent to exporters, the IAAI has given notice that about half the country's export cargo may not be accepted due to faulty packaging. The IAAI has claimed that poor cargo packing has resulted in problems of handling and frequent pilferage. Exporters, however, have retaliated with allegations that the IAAI's notice is a bid to shift the burden of cargo pile-up at the airports on to exporters. IAAI, however, has refused to fly consignments that have not been correctly packed from

Diamonds from USSR

Representatives of the diamond trade met a Russian delegation recently to discuss the possibility of importing rough diamonds from the Soviet Union. The government, however, was reluctant to accept the Russian demand for payment in dollars. Although all imports of rough diamonds into the country are paid for in dollars, the bilateral trade agreements with the Soviet Union in other areas involve rupee payments.

Spinners' high prices

Synthetic yarn consumers have appealed to the government to reduce import duty on POY/PFY from 180 to 100 per cent and retain these under the OGL. Industry spokesmen alleged that spinners have formed informal cartels to charge high prices for these products. As a few manufacturers control over 70 per cent of the production of POY/PFY, which is about 150,000 tonnes per annum.

LABOUR

Killer gas uncontrolled

Full scale operations are on to plug leakage of carbon monoxide in Digwadah colliery, near Dhanbad, under TISCO's management. This is following the hospitalisation of seven coal miners due to asphyxiation from this gas.

This was the third time within a week before 26 June that this killer gas was emitted from this coal mine affecting over a dozen workers. Even though rescue teams were pressed into service to plug this leakage their efforts have proved futile. Officials of the directorate general of mines safety were supervising the rescue work.

Bata union issues threat

Robin Sinha, Bata Mazdoor Union's general secretary has threatened to intensify the agitation unless the demand for linking incentive allowances for workers to production is not considered by the management.

The threat was issued when the talks held on 30 June were inconclusive. However no decision has been taken as yet regarding direct action.

Telecom stir put off

Telecom employees (category 'C' and 'D') have decided to postpone their work-to-rule agitation on a request by the telecom commission chairman, Sam Pitroda. Their agitation was scheduled to begin on 2 June.

Announcing the postponement, the secretary of the coordination committee of P&T Circle Unions, West Bengal, Dilip Das, said the decision to postpone the agitation was taken jointly by the National Federation of Telecom Employees and two other federations, affiliated to the INTUC and HMS, after Pitroda's written request.

Steps to stem child labour

The task force on the implementation of Child Labour Act and the legal action plan have suggested various approaches to augment the efforts for a solution to the problems of child labour.

According to a press release, the task force has suggested a statutory system whereby the

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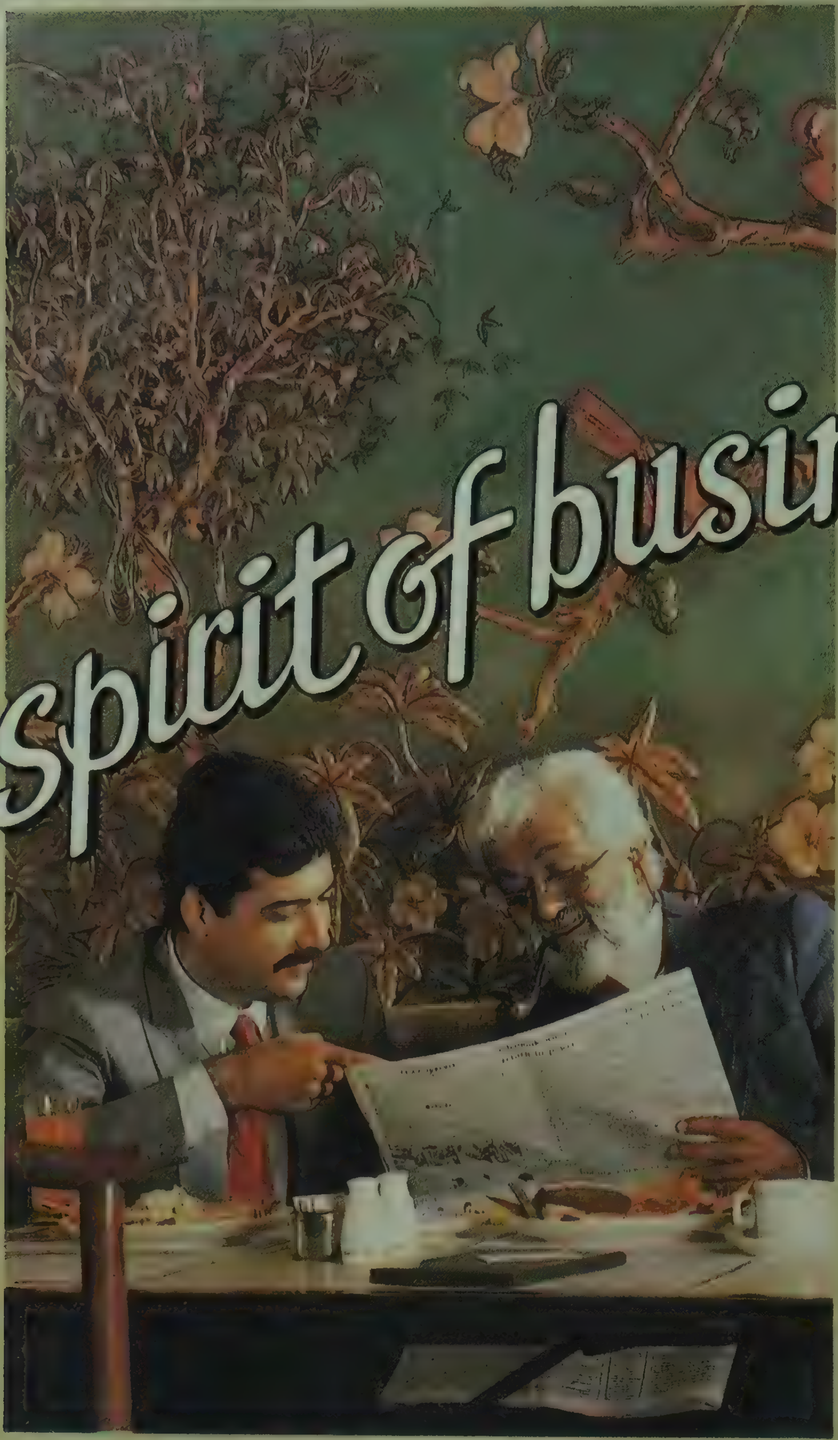

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Dattaram-RI9/89

child labour commission will be entrusted with the task of *suo moto* investigation, resolution of grievances and disputes, and giving authoritative directions to employers.

Expressing 'deep concern' for this informal or unorganised sector which accounts for a large number of child workers, the task force has suggested changes in the Act. The task force feels that there is need to accord highest and overriding priority in all schemes of development taking into account the fact that children up to 14 years of age constitute 40 per cent of the population. The problem of their survival and development should be taken up as a whole, according to the release.

Rights for night shift women

The first agreement directed at giving protection to women who work night shifts was approved at the International Labour Organisation's (ILO) 77th conference at Geneva on 30 June.

The document approved by a majority of the 2,000 governmental delegates, workers and employees present at the meeting refers to all women who earn a wage, with the exception of those who work in the agricultural, fishing, shipping and internal navigation industries.

Although the agreement is rated highly positive by third world countries, representatives from western countries said women should not work in jobs that taken them away from their families.

Banks to pay more

About seven bank clerical grade employees and sub-staff of nationalised banks will get higher pay scales, house rent allowance and medical assistance under an agreement signed between the recognised unions and the Indian Banks Association (IBA). The agreement was signed by R. Srinivasan of the IBA, and representatives of Indian National Bank Employees' Federation (INBEF), of All India Bank Employees Association (AIBEA) and National Congress of Bank Employees (NCBE).

The agreement will come into effect from 1 January this year, in the case of all issues except dearness allowance which will be implemented from November 1987. Rules regarding reimbursement of medical expenses and hospitalisation expenses have been liberalised. Leave accumulation will be allowed up to 240 days instead of 180 days at present.

DIARY

DATE	SUBJECT	ORGANISER	VENUE
12 July	**Lotus 1-2-3 — macros, menus and methods**	P.C. Centre, 11 ground floor, Rex Chambers 711, Ballard Estate, Bombay 400 038 Tel: 2615439	Taj Mahal Hotel, Bombay
13, 14 July	**Participative management process and structure**	HRD Department, Air-India, Indira Gandhi International Airport, Terminal II, New Delhi 110 010 Tel: 392621	Hotel Ashok, Delhi
13, 14 July	**Performance review and counselling skills**	Creative Communication and Management Centre, 2nd floor, Raja Bahadur Mansion, 8 Ambalal Doshi Marg, Bonbay 400 023 Tel: 273006	Searock Sheraton, Bombay
13-21 July	**Communication skills and processes**	Tata Management Training Centre, Mangaldas Road, Pune 411 001 Tel: 660141	TMTC Campus, Pune
15-18 July	**Strategic marketing**	Xavier Institute of Mangement, Bhubaneswar Tel: 52446	Puri
17-19 July	**Energy conservation in process utilities**	National Productivity Council, 11A Nathalal Colony, Stadium Road, Ahmedabad Tel: 445567	Hotel Klassic Gold, Ahmedabad
19-21 July	**Advanced technological tools for quality**	Engineering Staff College of India, Visvesvaraya Bhavan, Khairatabad, Hyderabad 500 004 Tel: 229666	The Trident, Madras
20, 21 July	**Improving managerial productivity**	CRaVE Services 835, VI Cross, Indiranagar Stage II, Bangalore 560 038 Tel: 560332	Airport Centaur Hotel, Bombay
20, 21 July	**Manufacturing challenge of the nineties**	Madras Management Association, 69 Nungambakkam High Road, Madras 600 034 Tel: 475800	MMA Campus Madras

BUSINESSMEN IN THE NEWS

S.S. NADKARNI

It is a rare honour in the field of development financing for an Indian. Suresh S. Nadkarni, chairman and managing director of the Industrial Development Bank of India (IDBI) recently took over as chairman of the council of governors of the World Federation of Development Financing Institutions (WFDFI). Now, his concerns as a development banker range from diversification of financial systems and industrial re-structuring to human resource development and environmental protection.

Says Nadkarni, "Development financing institutions all over the world need to become a part of the overall financial system by developing new instruments, financial packages and services which would meet the changing needs of the end-users." Along with this new appointment, Nadkarni will also continue as chairman of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP).

D.C. KOTHARI

For the last five decades, the Madras-based Kothari group has been publishing Kothari's Industrial Directory of India, an invaluable guide for investors and stockbrokers. So, when the 36th edition of the book was released in Bombay last fortnight, D.C. Kothari, chairman of the group, made it a point to be present even though he was in poor health. Besides the standard information on technology, the new edition contains information on subjects like licensing, reservation of industries and taxation. "We have re-thought the concept of the book so that it can now also be of help to entrepreneurs," says Kothari.

V. SUBBA RAO

In the last four years, turnover of the Madras circle of the State Bank of India has more than doubled to Rs.6,615 crore. "Our growth rate has been the highest in all segments in deposits, compared to all the other circles of SBI," says V. Subba Rao, general manager, Madras circle. "Emphasis has been laid on the financing of export-oriented industries like leather, garments and granite," explains Subba Rao.

"A two-year corporate plan is in the process of being formulated," says Subba Rao. The targeted growth in profits will remain at 25 per cent, though the increase in profits this year was 33 per cent.

S.C. GOEL

Essel Packaging Ltd, the well-known laminated collapsible tube manufacturing company, is expanding its capacity from 70 to 120 million tubes per annum. "The entire expanded capacity has already been tied up with buyers," claims Subhash Chandra Goel, chairman and managing director of the company.

According to Goel, buyers of lamitubes — manufacturers of toothpaste, toiletry and pharmaceutical products — are now convinced of the advantages of this new generation product. In 1989-90, Essel earned a net profit of Rs.1 crore on a turnover of Rs.20 crore. The company will spend Rs.5 crore at its plant in Thane (on the outskirts of Bombay) for the expansion.

L.N. JHUNJHUNWALA

With the commencement of operations of its first oil rig in the Krishna-Godavari Basin, Hindustan Electro Graphites Ltd (HEG) is now ready to start work on a second rig. Says chairman L.N. Jhunjhunwala, "Ours was the first contract to come through and our company is now the first to start operations." Set up in technical collaboration with Scan Drilling Company based in the UK and the US, this venture takes an investment of Rs.24 crore. Future plans include expansion of its activity in the oil industry and well service contracts. HEG's turnover during the year stood at Rs.72.28 crore (previous year being Rs.66.72 crore) and its exports have doubled from Rs.8.06 to Rs.15.72 crore this year.

KAMAL SINGH

Hitherto an exclusive distributor of the US-based Intergraph Corporation, Rolta India Ltd has now started manufacturing

CAD/CAM systems in technical collaboration with the same company. "We will be able to provide both hardware as well as software," says Kamal Singh, Rolta's chairman and managing director.

The company plans to commence commercial production by December 1990. In order to part finance the Rs.24-crore project, the company plans to tap the capital market with an equity-cum-convertible debenture issue in the first week of August. The total money to be raised from the public is pegged at Rs.15 crore. "CAD/CAM represents the cutting edge of technology and is the fastest growing segment of the computer market," says Singh.

A. SRINIVASULU

BHEL Tiruchy recently shipped boiler components to the Pyro Power Corporation, US for its Niagara Falls project. The value of this transaction was about Rs.3 crore. "We are happy that we received this order in the silver jubilee year of BHEL Tiruchy," says A. Srinivasulu, executive director of BHEL, Tiruchy.

The public sector giant has also got export orders from Mitsubishi Heavy Engineering Corporation (MHEC) of Japan for supply of boiler pressure parts.

With direct export to the US and export through agencies like Combustion Engineering of the US and MHEC of Japan, Srinivasulu expects a quantum jump in exports from BHEL Tiruchy in the next few years.

NITIN MUKADAM

The results of a nation-wide contest to choose the best drug awareness campaign are now out. The winner: Gammon advertising agency of Bombay. Winner of the Charagh Din trophy and a cash prize of Rs.1.25 lakh, the Gammon team interviewed addicts, parents, teachers, doctors and police officials. This helped them to conclude that the campaign had to be targeted at the addict.

Says Nitin Mukadam, chief executive of the now defunct agency, "The idea was to reassure the addict, to tell him that he still had a chance and that it was essential he made an effort." Hence the simple layouts, "without any fashionable sleek look to merely please the art director.

IAN HARVEY

British Technology Group (BTG), a British public sector company, has entered the Indian market for transfer of technology to Indian industry. Chief executive Ian Harvey was in the country last fortnight to finalise a tie-up with the Indian merchant banking company, Creditcapital Finance Corporation.

BTG has been in the field of technology transfer for over 40 years and its operations have spanned many countries from the US to Japan. BTG identifies and frequently funds research with commercial potential in areas like pharmaceuticals, engineering, and electronics and then patents and licenses the technology. Harvey feels that his company will provide a valuable service here.

ERIK FALKENBERG

Incorporated in 1927, Lief Hoegh & Company is a diversified shipping company that operates 37 vessels (aggregating 2 million dwt) worldwide. Says Erik Falkenberg, director of Lief Hoegh, who visited India last fortnight, "Over the last three years we have tripled capacity for India." Hoegh vessels sail non-stop from Bombay to North America. Exports from India include garments and carpets. Says Falkenberg, "Since December, Mahindra & Mahindra has been exporting tractors through Hoegh and has plans to export jeeps also."

ROY HEBERT

Team Canada, a new concept in inter-country trade, is the brainchild of Roy Hebert, director, business planning, Boeing Canada. "When we pitched in our bid for Vayudoot's requirement of 24 medium-sized passenger planes, I thought of the Team Canada concept whereby the foreign exchange outflow for the cost of the planes would be minimal," Hebert explains.

Taking his proposal to the government of Canada, Hebert helped bring Team Canada — a team of Canadian business persons — to negotiate with their Indian counterparts. The Canadian team is currently in India for negotiations with Indian businessmen. "However," Hebert clarifies, "Team Canada is totally independent of the Boeing deal that is still being negotiated with the selection committee."

VASUDEV SHROFF

Twenty-eight years ago, when he emigrated to Dubai, Vasudev Shroff started with a small shop selling satin and voile. Today, he is a textile magnate with eight sales outlets and a trading network spread over half the globe. Now, with plans to start business in India and to help other like-minded NRIs, Shroff recently tied the Dubai-based Indian Social Forum, which he heads, with the Priyadarshni Academy in Bombay.

"NRIs are treated like non-reliable Indians on their return back home," complains Shroff. The academy will provide information about technical knowhow, joint ventures and foreign currency, besides locating business avenues here in which NRIs could invest their petro-dollars.

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BAN ON TRAWLERS

Clouded in controversy

For the second year in succession the Kerala government has banned trawling in Kerala's inshore waters from 28 June. Seen in the light of last year's ban this was not surprising (see *Business India*, 21 August 1989). But what was worrying was that the fisheries minister, T.K. Ramakrishnan, failed to announce how long the ban would be in force.

Adding to the confusion was the loud bemoaning by marine exporters and certain sections of the government, of the loss of foreign exchange resulting from last year's ban. As arguments for and against the ban vie with one another, the larger issue of fishery resource management, which the Kerala experience had highlighted, is in danger of being swept aside.

Conservation measure. Ostensibly, the ban is a conservation measure. It aims to preserve the sea bottom during the monsoon, which is when numerous species of fish spawn and depend in turn on the sea bottom for development and growth. This is why the Balakrishnan Nair Committee, appointed by the Kerala government last year to study the issue, recommended a total ban on monsoon trawling by mechanised boats.

According to the committee's report, the onset of rain not only lowers the temperature but also washes substantial amounts of nutrients in the form of phosphates, nitrates and silicates into the sea. This, in conjunction with certain special oceanographic conditions, triggers off the rapid growth of phytoplankton (drifting plants), which serves as food for fish.

It is now easy to see why an activity like trawling (the trawl net sweeps the sea bottom indiscriminately picking up all kinds of marine life) disturbs an environment conducive to the growth of marine life.

Few people realise this as acutely as Kerala's two lakh traditional fishermen. Over the years, as mechanisation became more popular and widespread their catches have been dwindling. The ban was certainly no handiwork of an enlightened government. Years of struggle and agitation by the traditional fisherfolk, led by the Kerala Independent Fishworkers Federation, forced the Left Democratic Front (LDF) government of Kerala to declare a ban last year. At any rate, the LDF just could not ignore the rich vote bank that Kerala's fisherfolk constitute.

Baseless priorities. But marine exporters who have been netting huge profits off Kerala's shores (total exports of marine products through Cochin in 1988-89: 45,614 tonnes valued at Rs.221.31 crore) appear more bothered about the shrinking size of their wallets than the dwindling of marine stock due to extensive fishing. They have also found an ally in the Marine Products Export Development Authority (MPEDA). Soon after the monsoon began, MPEDA declared that last year's ban had been disastrous and alleged that the country lost Rs.20 crore in foreign exchange — the value of 3,000 tonnes of the prized species of prawn, *parapenaeopsis stylifera*, locally called *karikadi*. Most of this, they point out, is caught during the monsoon by trawlers mainly in Shaktikulangara, Neendakara and Cochin. However, MPEDA's chairman, C.T. Sukumaran, who did not wish to be drawn into a controversy said, "MPEDA's official stand is that unless it is scientifically proved that monsoon trawling is harmful, there should be no ban."

The fallacy of these charges is exposed in a recent analysis by noted fisheries economist, John Kurien, of the Centre for Development Studies, Trivandrum. Using MPEDA's own data with those of the Central Marine Fisheries Research Institute, Kurien examined the catch and export figures of *karikadi* in the pre-monsoon, monsoon and post-monsoon periods of 1988 and 1989. He found that the actual foreign exchange loss in 1989, due to the drop in *karikadi* exports was about Rs.6 crore — a far cry from MPEDA'S claim. More importantly, this drop occurred during the non-monsoon months.

Kurien's analysis shows that between 1988 and 1989 while the trawler prawn catch dropped by 14,242 tonnes, of which only 4,075 tonnes were monsoon *karikadi*. The foreign exchange shortfall must therefore have been due to the drop in the prawn catch before and after the monsoon.

Revival of sorts. Comparatively, the prawn catch by traditional fishermen during the same period, using indigenous methods recorded a marginal increase from 17,837 to 17,915 tonnes. This establishes that the traditional sector contributed significantly to prevent a greater loss in foreign exchange earnings. The traditional fishermen of Kerala also point to huge fish hauls from all over the state in October last year, two months after the trawl ban was lifted. They hold this as evidence of the benefits of a ban, but, in the face of ignorance regarding natural oceanic changes, such a conclusion would be hasty and premature.

Undoubtedly, the trawl ban did contribute to this 'revival' of Kerala's fisheries. But the bigger issues of ecological crises in the state's fish economy still remain untackled. And Kurien's question, "Is the noise about foreign exchange loss due to the monsoon trawl ban really diverting our attention from the larger issue of the need for an overall management of the prawn fishery of Kerala?" remains unanswered.

Such a management would also need to tackle the destructive fishing practices in

Idle trawlers: for how long will they remain so?

the traditional sector itself, eg, dynamiting and the use of ring seines. Unless they clean up their own act, traditional fishermen lose the moral authority to question the harms of trawling. More importantly, their own methods are likely to suffer in the long run.

The Balakrishnan Nair Committee had recommended a three-year study of the impact of the trawl ban. But the Kerala government has taken only minor preliminary steps in this direction. Without an in-depth assessment and without good fisheries management, the controversy over a trawl ban will continue to stir Kerala with the regularity of the southwest monsoon.

■ K.G. KUMAR

COFFEE

Poor crop, poorer outlook

The Indian coffee industry, which is almost entirely dependent on exports, will be in trouble this year. The reason is a poor crop during the 1989-90 season. The uncertainty is also aggravated by the fact that during 1988-89, the Coffee Board disposed off a huge stock overseas at throwaway prices, leaving behind only about 44,000 tonnes of carryover stock by January 1990. The fresh crop during 1989-90 is estimated at 120,000 tonnes — of which 117,000 tonnes have already come in — taking the total of disposable coffee to about 164,000 tonnes.

Fluctuations are commonplace in coffee which is a biennial crop; a bumper crop is often followed by poor crop. But such variations play havoc with exports. During 1988-89, India had a bumper crop of 215,000 tonnes while the Coffee Board had a surplus of 80,000 tonnes. Thus the total stock was 295,000 tonnes. Following the failure of International Coffee Organisation (ICO) talks in September 1989, a veritable battle for world market shares broke out among various coffee producing countries. Subsequently, India succeeded in exporting a record 132,000 tonnes, despite reduced margins.

Tight-rope walk. About the current situation, P.K. Ramaiah, acting chairman of the Coffee Board, says, "It may be a tightrope walk but we are not heading for a crisis. We have already received 117,000 tonnes and are expecting additional stocks soon." Says Anil Bhandary, chairman, Karnataka Planters' Association (KPA), "We cannot say before September whether the lower crop would cause a crisis."

B. Sivaram, secretary general of the United Planters' Association of Southern Association (UPASI), is also of a similar view: "The actual extent of export will depend on stock position as well."

India has to rely heavily on exports for offtake because its domestic coffee consumption has remained stagnant at between 55,000 to 66,000 tonnes. And fortunately, coffee exports have gone up during the last ten years, with India's share of the world market rising from 1.9 per cent in 1984-85 to 2.8 per cent in 1988-89. But, with the low crop in 1989-90, Indian exports are bound to be hit. The situation will be worse if the current surplus situation in the world market continues.

Even the otherwise assured Russian market may remain easy for India to service. On an average, USSR lifts 50,000 tonnes from India out of its total imports of about 70,000 tonnes. But, in the event of an international quota agreement, leading producer countries like Brazil, Colombia and Indonesia will make a pitch for this market. Already, at the last ICO meeting, some understanding has been reached over this issue and there is a strong likelihood that it will be ratified at the next meeting to be held during the second half of the year. Ramaiah, however, is not worried. "Our quality is much better than others," he says. "Also, our excellent relations with USSR should help."

With the difficulties encountered in traditional markets, the Coffee Board has chalked up plans to sell 10,000 tonnes of speciality coffee abroad, at a premium, beginning in 1990-91. But Bhandary of the KPA says, "The Coffee Board may not really find it attractive to sell speciality coffee abroad, since our prices are higher than the international prices."

Be that as it may, the poor crop and lower exports are bound to be financially damaging for coffee plantations and 42 coffee curing works in the country. Besides that, with the competition being what it is in the world coffee market, lost ground may be difficult to recover later, even if next year's crop is better. And then, of course, there is the threat of the ICO quota agreement.

■ DEVAPRASAD PUROKAYASTHA

AGARBATHIS

Against all odds

Agarbathi (joss sticks) manufacturing is an industry which requires no large capital investment or power. It also utilises unskilled labour to the maximum. Yet this industry achieved a turnover of Rs.120 crore during 1989-90, up from Rs.90 crore during 1988-89. Agarbathis have fetched home, against all odds, Rs.14.5 crore of foreign exchange last year (Rs.10.6 crore during 1988-89). Despite these achievements, agarbathi making is yet to flourish in the country due to paucity of raw materials.

Of the 450 odd units in this industry, 260 are located in Karnataka. Developed as a cottage industry, it employs 200,000 employees, 60,000 of them being directly connected with the manufacturing. The industry generally requires locally available forest-based raw material: bamboo, spentwood (derivative of sandalwood), *jigat* (blending material made from the bark of a tree called *Machilus Mascarantha*), white chips and charcoal. Shortage of raw materials has hampered the growth of the industry severely.

In its search for foreign markets, the industry is facing tough competition from China, Taiwan, Thailand, Korea, Indonesia and Pakistan. Foreign joss sticks, being machine-made are better in quality

Agarbathi making: raw material shortage compounded on tough international competition while Indian ones, manually produced, score in aroma.

Prohibitive cost. The industry requires about 8,000 tonnes of *jigat*, annually, of which only 50 per cent is available. The requirement of *jigat* is expected to grow up to 11,700 tonnes by 2000 AD. Says a spokesman of the All India Agarbathi Manufacturers' Association (AIAMA), "It is difficult to get *jigat*. We had appealed to the central government to allow us to import *jigat*. The Centre reduced the import duty on it from 145 per cent to 35 per cent. Despite this, the landed cost of *jigat* is prohibitive and small-time manufacturers can hardly afford this."

Jigat used to be available abundantly in the Coorg district of Karnataka, but nowadays the manufacturers can get them from Tripura and Assam only, which adds to freight, finance and inventory costs. Among other raw materials, white chips and spentwood dust are sold by the state government at high prices even though both are locally available in plenty.

Says a leading exporter, "One of the major problems we face is aggressive marketing by the companies in the Far East." According to Lokesh N. Vemulkar of Padmini Products, Thailand does not import raw materials and hence its products are cheaper. "In Thailand, the labour is also cheap and the government provides a lot more incentives to the export-oriented units," he adds.

In China, aromatic chemicals are cheaper by 25 to 40 per cent. Even as India has been losing ground in the US and Africa, the West Asian market has been raided by the latest entrant — Pakistan. Manufacturers feel that the overseas market can only recoup if Indian agarbathis are competitive internationally. And it requires easy availability of raw materials such as *jigat*. The industry is ready to face the challenge, if the government co-operates.

■ DEVAPRASAD PUROKAYASTHA

MVA AMENDMENTS

Carrot and stick

It has been only two years since the Motor Vehicles Act (MVA) was enacted, but comprehensive amendments to it are already on the anvil. The amendments follow the report of a review committee chaired by Union transport secretary P.M. Abraham, recommending substantial changes in the Act.

The committee was set up early this year, soon after the National Front government came to power, following complaints from transporters, automanufacturers and state transport authorities that the Act of 1988 (which superseded an earlier one of 1939) had many flaws. Some of the measures now recommended tend to liberalise the transport scenario while others seek to put restrictions. It is feared that transport permits may not be granted as liberally as they have been for the last two years.

Deregulated. At present, applications for permits are "not ordinarily refused" (section 80 of MVA, 1988), for the government wants the transport sector to be deregulated. Before 1988, the regulations over transport permits were very strictly enforced.

Though there is no move to go back to the pre-1988 level, "some degree of control", whereby state governments can regulate the number of permits on specified routes, is being considered. This step was conceived, because government felt that unrestricted issue of permits is leading to a flood of applications for routes which are already overcrowded.

Very often, operators show a tendency to shift from less remunerative routes even though they are inadequately served. To ensure that the basic approach of decontrol is not given up, state governments might fix the total number of permits before hand, to be given on a route. This will be based on demand-supply conditions and within such constraints, grant transport permits.

However, the ceiling that now exists on the number of permits that a party can hold — at a maximum of five for an individual and ten for a company — is being given up totally. The limits had been set up under the MVA, 1988 to prevent concentration of vehicles in a few hands and also to promote economic equity. But now it is felt that limiting the number of permits held by each party might prevent transport from becoming a low cost operation.

A significant amendment being proposed relates to the withdrawal of the government's right to fix the age at which vehicles must be scrapped. Last year, the government's proposal to scrap vehicles more than 15 years old attracted strong criticism.

The government has, however, rejected the demand made by state transport authorities (STAs), to restore to them the power to nationalise certain routes under their jurisdiction. This power had been vested with STAs before 1988. The government feels that such decisions should be taken by the state government and not STAs. Another proposal put forward by certain parties, that all nationalised routes be partially de-nationalised and 50 per cent of transport vehicles on a route should be in private hands, also stands rejected.

No more load. Some transport organisations had come up with a suggestion that trucks be allowed to carry more load than

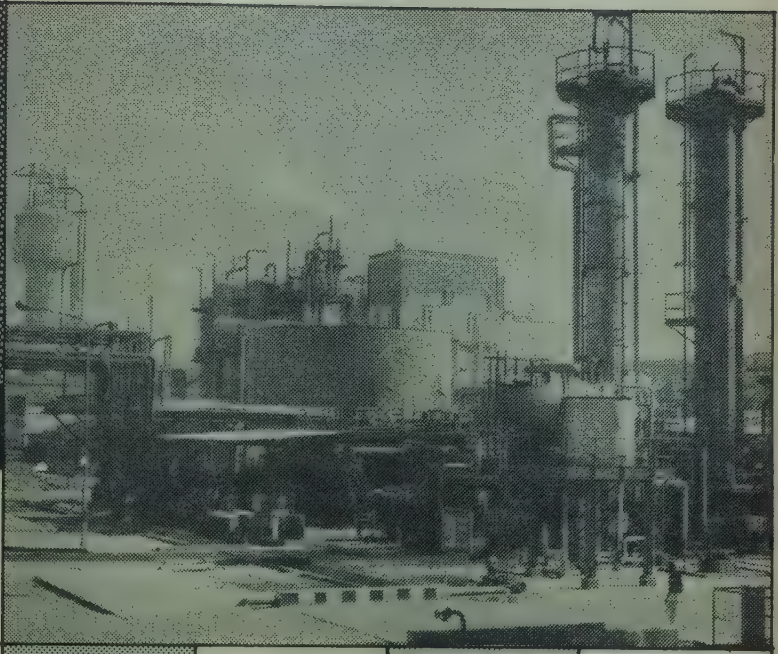
P BLIC
CARRI R

Goods vehicles: permits may become less liberal

GSFC

FINANCIAL HIGHLIGHTS

BASED ON AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH 1990



PARTICULARS	1989-90 Year ended 31-3-1990	1988-89 15 Months' period ended 31-3-1989	1988-89 Annualised	% Increase/ Decrease on Annualised basis
	(RUPEES IN CRORES)			
SALES AND OTHER INCOME	693.37	689.26	551.41	(+) 25.74
MATERIALS & MANUFACTURING EXPENSES	489.93	482.74	386.19	(+) 26.86
PERSONNEL EXPENSES	31.24	34.11	27.29	(+) 14.47
INTEREST	21.10	37.38	29.90	(–) 29.43
PROVISION FOR DEPRECIATION	23.75	25.96	20.77	(+) 14.35
PROFIT FOR THE YEAR	65.02	44.65	35.72	(+) 82.03
PRIOR PERIOD ADJUSTMENTS (NET)	(2.74)	13.11	10.49	—
PROFIT BEFORE TAXES	62.28	57.76	46.21	(+) 34.78
PROVISION FOR TAXATION	10.94	9.10	7.28	(+) 50.27
PROFIT AVAILABLE FOR APPROPRIATION	51.34	48.66	38.93	(+) 31.88
CAPITAL	44.76	27.30		
RESERVES & SURPLUS	335.70	208.54		
NET WORTH	380.46	235.84		
LOAN FUNDS	248.46	309.11		
CAPITAL EMPLOYED	628.92	544.95		

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they are currently allowed. This would increase the gross vehicle weight from the present 16.2 tonnes. This too did not find concurrence because the government felt it would be dangerous.

Another proposed amendment seeks to restrict the scope of alterations made on vehicles. Instances of pick-up vans being converted into passenger cars, through structural changes, have been attempted by many transporters after MVA, 1988 came into force. Such efforts will now be curbed.

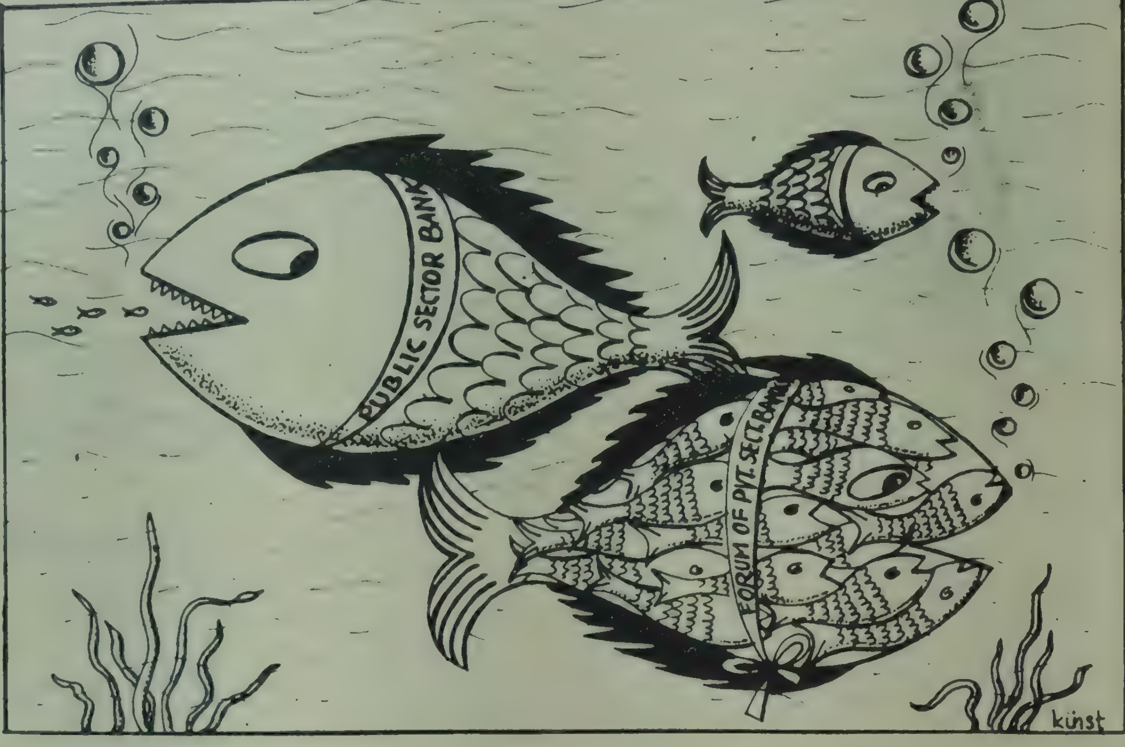
Among the many other changes being contemplated is a move to make it incumbent on medical practitioners to attend accident victims brought to them. Failure to do so will make them liable to a fine, or imprisonment, or both. Drivers will also be subject to the same liability.

The government also proposes to do away with the requirement of a medical certificate for obtaining a learners' licence, because medical experts felt it was not necessary.

■ KINGSHUK NAG

PRIVATE SECTOR BANKS

A forum is formed



The inevitable has happened. At a meeting of the chairmen of 13 of the 24 private sector scheduled commercial banks, held in Madras on 20 June, a decision was taken to launch a forum "to promote the interests of these banks and to project their problems".

The decision did not come as a surprise since the chiefs of private sector banks have long been smarting under the stepmotherly treatment meted out to them by the Reserve Bank of India (RBI) and the banking division of the Union finance ministry. "Though we come under the purview of the RBI and follow the norms laid down by it, there is a distinct preference for public sector banks, even among government departments and public sector units," observes the chairman of a Madras-based private sector bank.

"The need for such a forum has been felt for a long time, since private sector banks function under constraints which need to be explained to the authorities," explains S.P. Sabapathy, chairman, Bank of Madura Limited, who convened the meeting in association with N. Gomathinayagam, chairman, Bharat Overseas Bank Limited. The immediate provocation for the launching of the forum is the Agricultural and Rural Debt Relief Scheme 1990.

Loans waived. Under the scheme, the government has agreed to waive loans of up to Rs.10,000 taken by farmers from public sector banks and regional rural banks. Several state governments have extended this waiver to cover loans granted by co-operative banks. Private sector banks are upset that this remission has not been extended to loans taken from them. "Not only does this affect our recovery position, since farmers refuse to believe that they have to repay our loans, but such a measure is likely to have an adverse impact on our future business, since farmers will henceforth gravitate towards public sector banks in anticipation of more such largesse," observes Gomathinayagam.

However, this is only a small part of a much larger problem. Private sector banks are sore that most government business is routed through the public sector banks. "Even our guarantees and drafts are often found unacceptable," says Gomathinayagam. This, despite the fact that private sector scheduled commercial banks account for 5 per cent of the business in the banking sector, and need such business if they are to increase their market share. "It should be left to the organisation concerned to decide whether a particular private sector bank is viable. A blanket ban should not be imposed on all private sector banks," he adds. Private sector banks would also like to get into areas like the operation of currency chests, which is the prerogative of public sector banks. Besides, there is always the bogey of a merger with a larger public sector bank.

So, at the Madras meeting, a committee consisting of five chairmen — S.P. Sabapathy, N. Gomathinayagam, M.P.K. Nair (Federal Bank), A.B. Aradhye (Sangli Bank) and Ramesh Gelli (Vysya Bank) — was set up to work out the modalities for the functioning of this forum. "We have not severed our links with the Indian Banks' Association (IBA), nor is this a parallel institution. It is an informal organisation to supplement IBA's efforts, and will not infringe on IBA's territory," explains Sabapathy. The committee will finalise its report by August 1990. "Thereafter, the attempt will be to function as a lobby, to explain our problems and our position to the government and the RBI," says Gomathinayagam.

A spin-off will be the ability to identify areas of mutual co-operation. "In the call money market, private sector banks could lend to other such banks, particularly when money is scarce. Also, if a particular private sector bank does not operate in a geographic area, another member of the forum could assist in honouring drafts etc," explains Sabapathy. "The possibilities are legion. Private sector banks could come together to float companies to handle new areas of business," he adds. If the forum holds together, it could become a vocal lobbying group.

■ DHARANI K. PANI

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What's up at L&T?

Just when you thought the drama was over, along comes another act. On 28 June directors on the L&T board received notice of a meeting the next day. And on the 29th, according to a reliable source on the board, they received the agenda a bare 10 minutes before the meeting. In the chair was chairman D.N. Ghosh, appointed after the much publicised battle of wits between the Ambanis and the institutions, which led to Dhirubhai Ambani stepping down as chairman (see *Business India*, 30 April 1990). Ghosh revealed an ambitious plan to reorient the company's mega-debenture issue, whose fate is uncertain after the company decided to defer its first call, slated for 23 May 1990.

What Ghosh suggested was a scaling down of the size of the issue from Rs.820 crore to Rs.640 crore by making only one call of Rs.85, instead of two of Rs.75 each. As a result, debenture-holders would receive four shares instead of five. The company's capital would therefore rise from the present Rs.75 crore to only Rs.186 crore instead of Rs.213 crore.

Ambitious game plan

The most significant part of the agenda was the unveiling of an ambitious game plan which projected massive investments in the areas of cement, shipping, heavy engineering and real estate development. According to a reliable source, the complete package unveiled at the board meeting envisaged a total cost of Rs.1,350 crore. This, the source says, included Rs.600 crore in cement projects (including a Rs.225 crore investment in a 100 per cent export unit in Gujarat using natural gas as fuel); Rs.100 crore to purchase bulk carriers; Rs.200 crore for heavy engineering projects (including the manufacture of earth-moving equipment and boilers); Rs.150 crore for housing development and the manufacture of elevators; and Rs.200 crore for normal capital expenditures.

Ghosh, however, maintains that these figures are not correct. The figures he and other executive directors revealed at a press conference after the board meeting were much more modest and totalled approximately Rs.662 crore. These included Rs.250 crore for a cement project, upgradation costing Rs.17 crore; a clinker grinding unit in Orissa, Rs.50 crore; a packaging unit, Rs.60 crore; a unit to manufacture plastic processing equipment, Rs.30 crore; heavy engineering equipment, Rs.80 crore; bulk carriers, Rs.20 crore; electronics, Rs.20 crore, housing development, Rs.10 to 15 crore; projects involving the company's construction division, Rs.90 crore; normal capital expenditure of Rs.150 crore; and working capital. However, even at the press conference, the size of the investment plan was unclear.

What was made abundantly clear, however, was that L&T would not provide supplier's credit to Reliance Industries Ltd (RIL). Reportedly, at the board meeting, the Ambanis voiced their concern about the proposals. They apparently felt that the hurry to scale down the size of the debenture issue was unnecessary. In addition, they believed that many of the projects proposed were ill-conceived and far from implementation because even basic feasibility studies, let alone necessary government clearances, had not been executed or obtained.

They felt that even if supplier's credit was not provided to RIL, it was not necessary to scale down the issue. It is not known how many directors abstained or objected to the chairman's proposals: though individual directors are unwilling to go on record, some say three directors, while others say six, did not fully support Ghosh. But the fact remains that Ghosh was able to get most of the directors to go along with his view.

Changing equations

The real issue here is the extent of the Ambanis' influence within L&T. After all, even if board resolutions are passed today, and the Ambanis have control or later regain control, these resolutions can just as easily be reversed. Reading between the lines, it is possible to get a picture of the changing equations within the board.

Given that many on the board are executive directors, they would hesitate to vote against the Ambanis if the latter were clearly in control. But, for now, there are more institution-nominated directors, and, as is amply clear, more than a few of these directors are against the Ambanis. In effect, what is unfolding is a cat and mouse game between the Ambanis and the institutions which the latter seem to be winning.

According to an informed source, when Ghosh entered he had essentially four options. The first was to cancel the debenture issue and return the money to the debenture-holders. This would have been seen as a direct attack on the Ambanis, whose shareholding is likely to rise after the conversion.

The second was to maintain the issue as originally envisaged and provide supplier's credit to Reliance. Leaving aside the question of risk, which could have been managed, L&T would have received driblets of cash from Reliance — as its projects were executed — which would have been hard for L&T to manage. The third option was to maintain the issue as it was at Rs.820 crore and not provide supplier's credit. This would have left L&T with huge surplus funds.

The only remaining option was to set a three-year horizon and see what projects L&T could profitably get into. Though there can be reservations on the nature of the projects, it was the best option.

A.N. Lakshmi, presumably a shareholder of the company, has sought an injunction from the Madras High Court restraining the board from modifying the conditions pertaining to the conversion of the debentures. There is also an appeal pending before the Supreme Court seeking that the sale of shares of L&T be reversed. Also, the appeal pleads that the consent by the Controller of Capital Issues for the debenture issue be quashed. The board took an opinion from Nani Palkhivala, who suggested that there could never be an injunction by any court restraining the directors from thinking and deciding upon a line of action which they would like to adopt.

Strong wicket

While the outcome of the court's decision is still unknown, it is felt that Ghosh will be on a strong wicket when he faces the extraordinary general body meeting to approve the changes on 3 September. According to one observer, the changes in the prospectus will have to be executed through a special resolution. This will have to be approved by 75 per cent of the shareholders and debenture-holders. But with the Ambanis holding 32 per cent this will be difficult, even though the institutions hold 35 per cent.

But, if the Ambanis take an obstructionist stand, it would give Ghosh the perfect excuse to cancel the issue and return the money to the debenture-holders. This undoubtedly would be a setback for the Ambanis. So, most likely, they face the uncomfortable option of actually supporting Ghosh's proposals.

■

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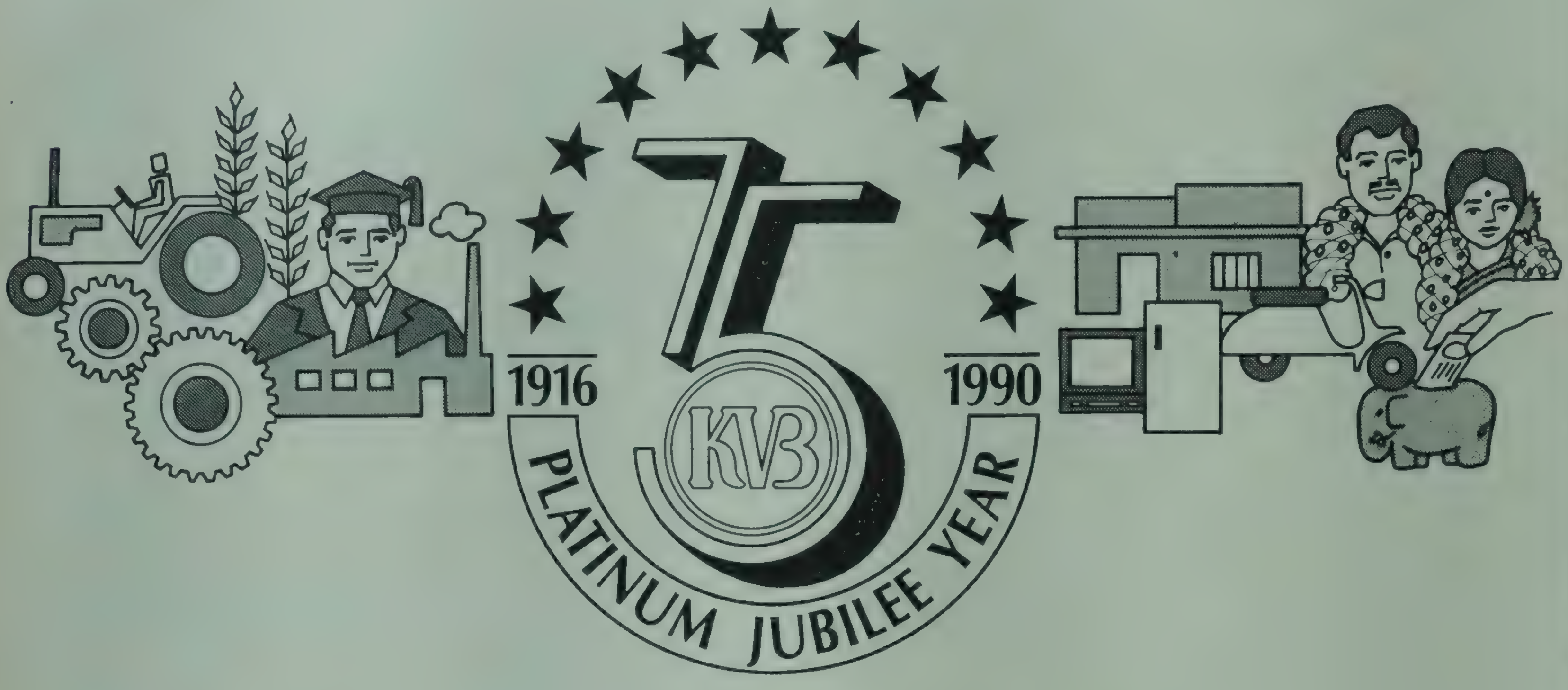

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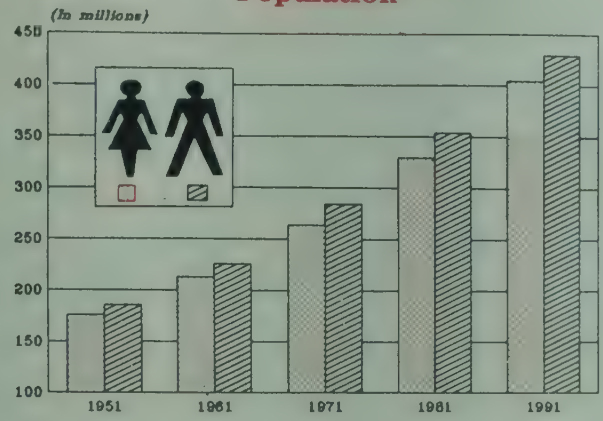


India is one of the most populated countries in the world, with an estimated population of 825 to 850 million people. In 1951, the population of the country was 361 million, which means that the population has increased by around 130 per cent in 40 years or 2.2 per cent per annum.

Interestingly the urban population has grown at a much faster rate than the rural population. Between 1951 and 1981, urban population increased by 154 per cent, as against 76 per cent in the rural area.

Consumer price index: The consumer price index has risen for the third consecutive month to touch a peak of 180 in April 1990. The monthly increase this year indicates that unless quick measures are taken to curb prices of essential goods, the increase in 1990 could well be in double digits.

	April '90	March '90	April '89	% change over month	year
Industrial workers (1982 = 100)	180	177	167	1.69	7.7
Urban non-manual workers (1984-85 = 100)	149*	147**	138***	1.3	7.9

**March '90 **February '90 ***March '89*

Wholesale price index: The all-commodities wholesale price index is up by 1.0 per cent in the month to 2 June 1990. The increase is mainly in primary articles, which on a month-to-month basis, has gone up by 2.5 per cent. The price of manufactured goods on the other hand has increased only marginally.

(1980-81 = 100)

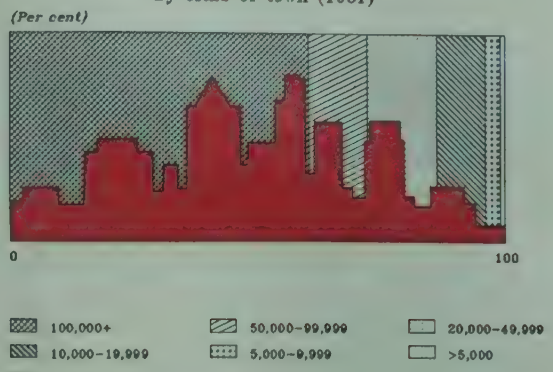
	2 June '90	5 May '90	3 June '89	% change over month	year
All commodities	174.9	173.1	161.7	1.0	8.1
Primary articles	176.2	171.8	160.2	2.5	9.9
Manufactured products (1980-81 = 100)	175.8	175.3	163.7	0.2	7.3

Bullion prices and stock market index: The price of gold has further declined to Rs.3,260, mainly because of sluggish demand. The Bombay Stock Exchange index is up by 6.3 per cent to 850.5 in the month under review as a result of good corporate performance and optimism on both industrial and agricultural growth.

	1 July '90	2 June '90	30 June '89	% change over month	year
Gold (Bombay)	3,260	3,340	3,080	– 2.4	5.8
Silver (Bombay)	6,646	6,662	6,563	– 0.2	– 1.3
BSE Index (1979-80 = 100)	850.50	799.51	792.17	6.3	7.4

Urbanisation

By class of town (1981)



There is a distinct shift in population from smaller to larger towns between 1951 and 1981. For instance, in 1951, 44 per cent of the urban population lived in towns with populations of 100,000 and over, as against 60 per cent in 1981. There are 12 cities in India whose populations have crossed the 1-million mark. With rapid urbanisation, the urban-rural population ratio will be roughly equal in the not to distant future as against the current ratio of 23:77.

Industrial production and infrastructure: There has been a sharp increase in the index of industrial production by 23.7 per cent in March 1990. Indications are that it is the manufacturing sector that has fuelled this sharp increase. Even though details are not known, analysts feel that the electrical and chemical industry would show sharp increases. There is a sharp increase in railway freight by 16.7 per cent in March 1990. This is expected as there is a greater intensity of bulk transportation of coal before the advent of the monsoons. Coal production, which had increased to 770,000 tonnes per day in March, has fallen to 480,000 tonnes in April 1990.

	Latest month	Previous month	Year ago	% change over month	year
Industrial production index (1980-81 = 100)	255.3(3)	206.3	208.1	23.7	22.6
Railway freight (million tonnes)	30.93(3)	26.50	31.4	16.7	– 1.4
Crude oil production ('000 tonnes)	2934(4)	2674	2780	9.7	5.5
Power generation (million units per day)	728.8(4)	731	648.6	– 0.3	12.3
Coal production (lakh tonnes per day)	4.8(4)	7.7	4.7	—	201
Steel production ('000 tonnes)	601(5)	701	635.6	– 14.2	– 0.5
Cement production ('000 tonnes)	3921(4)	3785	3740	3.5	4.8

figures in bracket indicate month.

Money and banking (scheduled commercial banks): On a year-to-year basis, broad money (M3) has increased by 18.4 per cent, which is two points lower than what it was a few months back. Though over all bank credit has declined in the month under review, food credit has gone up by a hefty 45 per cent in the month under review.

	1 June '90	2 May '90	2 June '89	% change over month	year
Broadmoney (M3)	2,37,810	2,36,765*	2,00,763	0.4	18.4
Aggregate deposits	1,70,626	1,70,193	1,44,825	0.25	17.8
Bank credit	1,04,275	1,05,460	87,349	– 1.1	19.3
Food credit	3,688	2,551	1,556	44.5	137.0
Credit/Deposit	61.11	61.96	60.96	– 1.3	1.3

**4 May '90*

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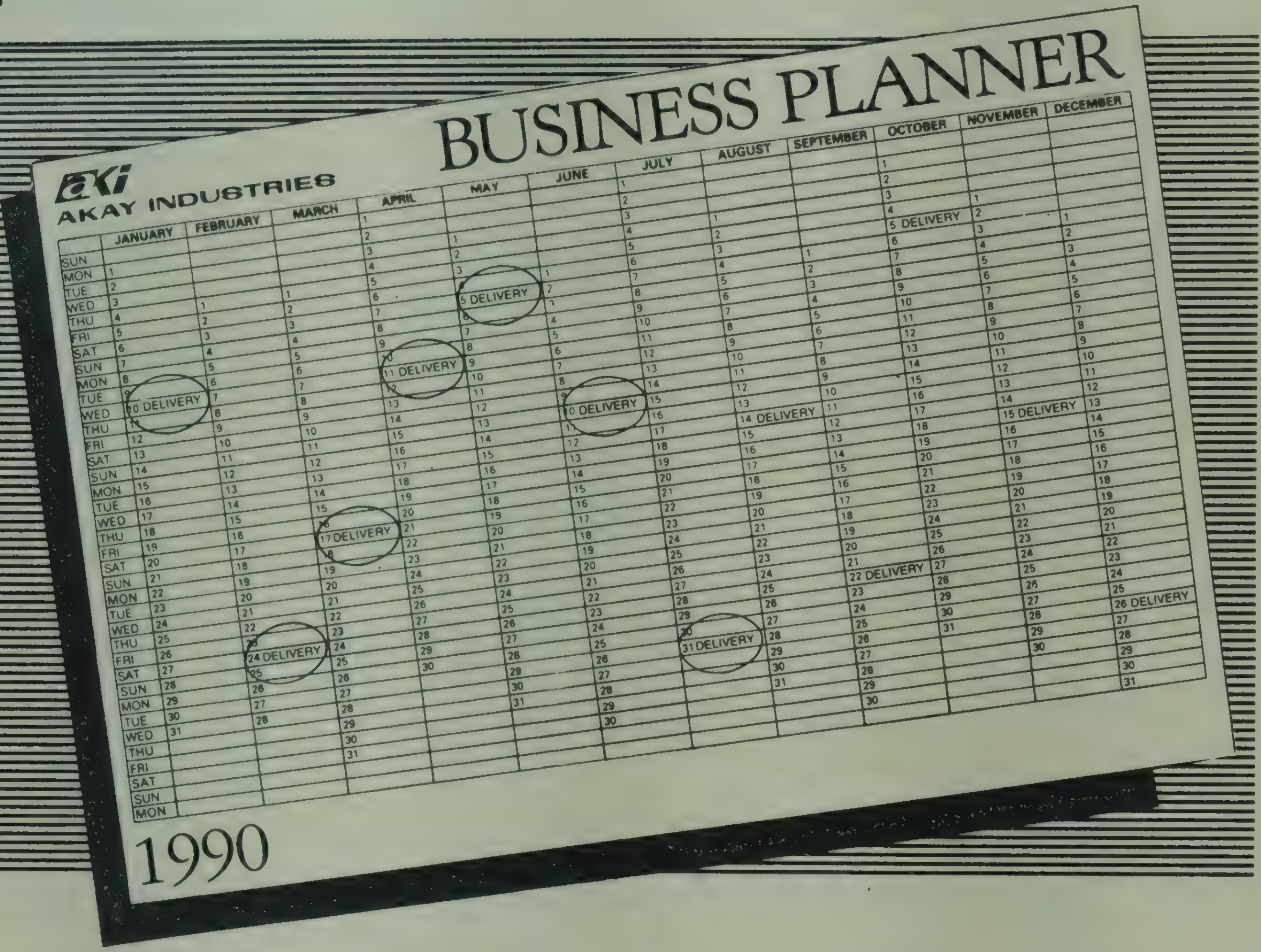

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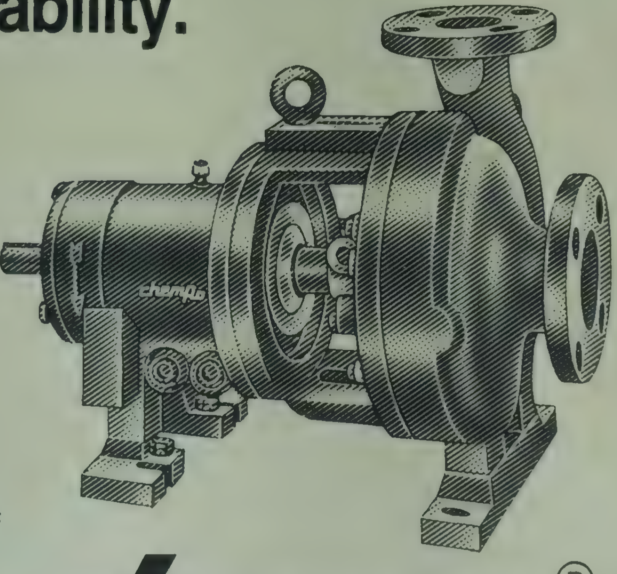

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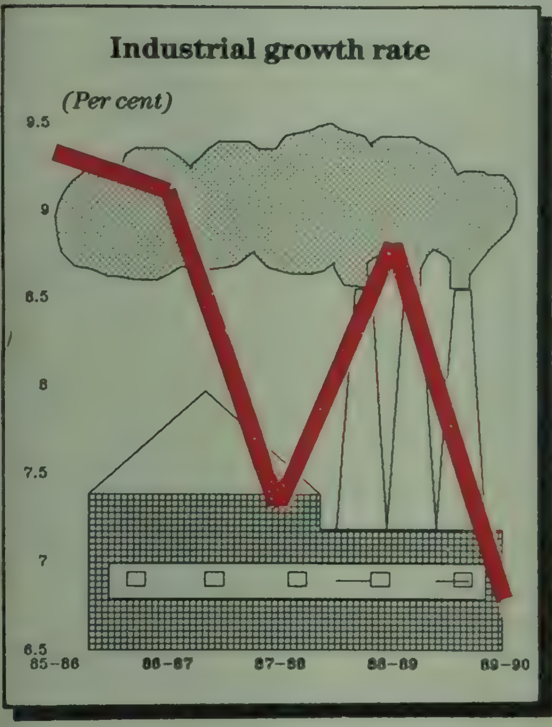
Liberalisation is only the first step


Industrial growth rate

The early monsoon and the better than expected industrial policy announcement made recently by the government are signals anticipatory of better days ahead. The index of industrial production as on 22 May 1990 was 206.3, up 11.3 per cent over last year. However, the average growth rate for the year 1989-90 (11 months) was around seven per cent as against 8.8 per cent in 1988-89.

The manufacturing sector which accounts for the lion's share of the index (77.11 per cent) has increased by only 6.3 per cent in 1989-90 as against 9.3 per cent last year. But the slowdown was in the first half of 1989-90 and it is estimated that growth in January and February this year has picked up considerably.

It is very clear that the industrial growth rate has upped in the eighties. The average growth rate has been 7.7 per cent through the decade as against 4.2 per cent in the seventies.

Though manufacturing, especially in consumer durables has shown a significant increase in the eighties, it is the mining sector that has shown outstanding performance. Between 1980-87 the average annual growth has been 9.4 per cent as compared to 5.9 per cent between 1974-78 and 2.9 per cent between 1967-72. This was largely because of the growth in coal production at 7.2 per cent per annum between 1980-87, as against 4 per cent in the seventies. Also, production of crude oil increased at a much faster rate in the eighties (18 per cent as against 3.3 per cent) than in the seventies.

Manifestation of liberalisation

The higher growth rate in manufacturing is largely due to the liberalisation measures initiated in the mid-eighties. This manifestation of liberalisation took the form of delicensing and companies could set up business without having to undertake cumbersome bureaucratic sanctions. In order to help diversification, facilitate optimum utilisation of resources, and have a better product mix, broad banding was introduced. The machine tool industry was the first to be brought under the scheme, in July 1983. This has helped many industries to improve their product mix. Re-endorsement of capacities was introduced as early as October 1966. Subsequently, the scheme has been extended to cover many more industries and its conditions have been slowly liberalised.

The new industrial policy recently announced by the government has relaxed the investment limits for units in the decentralised sector and the large and medium scale units in the organised sector. The upshot of this is that around 60-65 per cent of all intended investment will not require any clearance from the Central government. In order to boost exports, the 100 per cent EOUs and units set up in the export processing zones up to an investment limit of Rs 75 crore have been delicensed. Since the current contribution of these units is only 4-5 per cent of total exports, the potential of this sector is enormous.

Foreign participation

The country needs foreign investment not only for mitigating the resource crunch but also for increasing domestic competition and boosting exports. Here also the government has liberalised the procedures for technology transfer and payment of royalty. Further, foreign investment up to 40 per cent of equity is going to be allowed on an automatic basis provided the proposal does not involve imports to exceed 30 per cent of the value of the plant and equipment.

Indian industry, by and large, is still hopelessly inefficient and high cost. The public sector is still a very large drain on the economy. The government's decision to come out with an exit policy for the public sector is long overdue.

With increasing competition, many companies will go to the wall. But, on the other hand, many new companies will also spring up. Therefore, what is needed is a monitored exit policy for the private sector companies as well. The possibility of India emerging as a world economic power will only become a reality if the right policy decisions are taken now.

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Enthusiasm wanes

With Chandrashekhar, Devi Lal, the BJP and now even industry associations like CEI coming out openly against the new industrial policy, the fate of further liberalisations envisaged for MRTP/FERA might not come as easy as expected.

Even though the Union cabinet had given its unequivocal support to the new policy, V.P. Singh, Ajit Singh, Arun Nehru and company will hesitate to push for further liberalisation measures knowing that to do so will be at their own risk.

These leaders would realise that any further move along this line would expose them to charges of being agents of foreign companies and large business. After all, it is not too long ago that they had accused Rajiv Gandhi of pandering to interests of foreign companies and awarding large contracts to them. Therefore it seems likely that the government would come out with a statement explaining its economic policies. However, a reversal is unlikely despite the opposition.

Sour relations

In the Central secretariat, there are always secretaries who are unhappy with their ministers; and ministers often reciprocate the sentiments. But under the present government such feelings appear to have intensified.

S.R. Sankaran (1957 batch, AP cadre), at present secretary, rural development, has spent a large part of his career in positions where responsibilities entailed upliftment of tribals and the rural poor. But his minister, Chaudhary Devi Lal, is the messiah of the *kisans* (read middle and large farmers). So it is natural that they did not see eye to eye on issues of rural development. Sankaran wants steps to be taken to give "land to the tiller", but *tau* will have no land redistribution in villages without urban land ceilings.

In the ministry of environment, the situation is not much different. Minister of state Maneka Gandhi and secretary Mahesh Prasad don't see eye to eye any more, though a few months ago they seemed to be getting on famously. The change in relations occurred with Nilamoni Routray taking over as cabinet minister. Mahesh Prasad now deals with him directly.

Maneka: changed equations

Avid bureaucracy watchers say that Prasad was actually a bit uncomfortable with the extreme postures taken by the minister of state, Maneka, but went along with her all the same. Prasad (1957 batch, UP cadre) did not actually opt for this posting. He was secretary to the finance commission and, as rumours go, had his sights set on the post of secretary, expenditure. Interestingly, he was the first secretary to the finance commission to quit the body even before it could finalise its report.

The civil aviation ministry is the third instance in point. The complaint there is that minister, Arif Mohammed Khan is not taking his secretary, A.V. Ganeshan, very seriously; a bit surprising because Ganeshan (1959 batch, Rajasthan cadre) has been well rated all through. In fact, as additional secretary in the industry ministry and special secretary in the commerce ministry, he had won accolades and many friends.

Popular no more

A little over six months after his appointment, cabinet secretary V.C. Pande seems to have lost many of his well-wishers.

Unhappy with him is a large section of the bureaucracy, especially those belonging to cadres south of the Vindhyas. And the prime cause for grouse is that Pande operates through a small circle of acquaintances — neglecting large sections of the senior bureaucracy. Most of his favourites are from his home state (UP), home cadre (Rajasthan) or university (Allahabad).

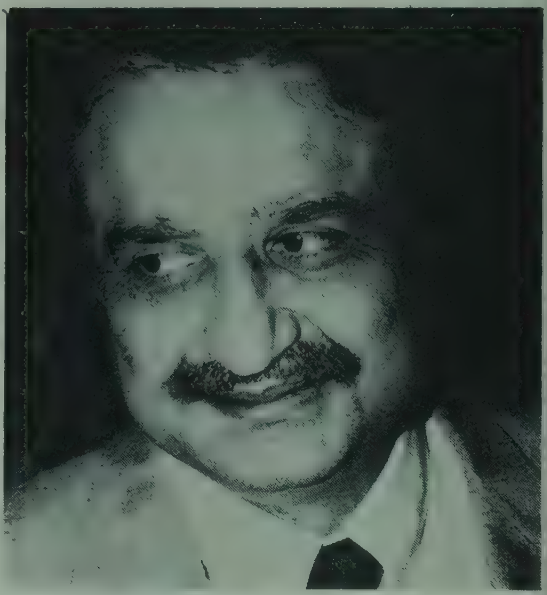
Those not happy with him also complain that he holds strong views on matters as well as people. This inflexibility makes it difficult for him to see the other side of the picture.

But even his worst detractor will admit that Pande is a man of honesty and integrity. In spite of this, say observers, the cabinet secretary will find the sailing very rough. Pande's great authority and power (some say that he is the second most powerful man in the country today), by virtue of his access to the prime minister, is not appreciated by many ministers — even those like Ajit Singh and Arun Nehru who are close to the PM.

Analysts feel that the time will come, soon perhaps, when the PM will be hard put to defend V.C. Pande (now on an extension) over the extent of authority exercised by the latter.

Different strokes

In Uttar Pradesh, chief minister Mulayam Singh Yadav has come down heavily on the bureaucracy, with the result that he is being described as a bully. The chief minister has reversed many a decision taken by his bureaucrats. In fact, he prides himself on his "grip" over his administration.



Pande: losing friends

Sometimes, the chief minister's arbitrary action produces results, as it happened last week, when Yadav phoned the superintendent of police at Agra and told him that if the riots were not controlled within 48 hours, he would be transferred. The threat worked.

And while on the subject of UP's boss, his hatred for the English language has not abated yet. While on a trip from Delhi to Ghaziabad by road, Yadav saw a signboard reading "Noida — an area of excellence". Incensed, he screamed out instructions at his PA and the very next day, the board was re-painted to read: *Noida: ek uthkrishta kshetra.*

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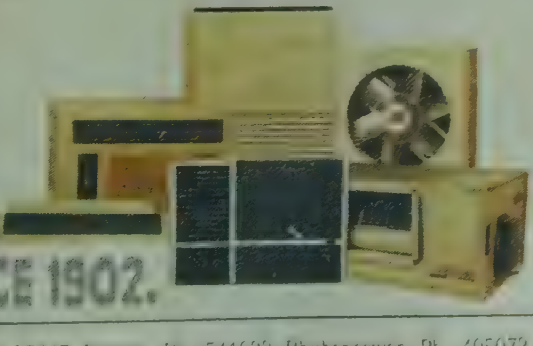

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High cost of simplicity

Austerity must begin at home. This philosophy of prudence lies behind the government of India's decision to go in for a series of cost cutting measures. While commendable in intent, its actual implementation renders the end result quite ludicrous. As a first gesture, the department of expenditure and the ministry of finance have issued a circular to all joint secretaries and above that Rs.75-100 per month would be deducted from their salaries from 1 June 1990 onwards to compensate for the use of staff cars from office to home and back. Also, a deduction of Rs.300-450 will be made as compensation for the private use of the vehicle (on which a limit of 500 km has been put). By this the government would save a paltry sum of Rs.2 crore (estimated).

The measure is meant to be symbolic, Janata Dal politicians explain. But what is distressing is that the gesture seems to stop at the ministers' doorsteps. All cabinet ministers have exceeded the maximum permissible amount of Rs.45,000 allowed for furnishing office rooms at their residences and refurbishing the minister's room in their offices. Some have spent more than one lakh rupees which has been conveniently adjusted against contingency funds.

All ministers have been verbally instructed by the finance ministry to keep their personal staff to a maximum of 12 but none have bothered to comply with the instructions so far. Also they have been told to cut down their foreign trips to only the most essential for themselves and their staff.

Regular sojourns

But sources disclose that at least six to seven politicians have gone abroad every month in the six months the Janata Dal government has been in power. One chief minister of a National Front ruled state managed to get $75,000 released in valuable foreign exchange for a trip to the US with his wife and other family members, ostensibly for his kidney transplant at a cost of $50,000. Another minister also belonging to the National Front has been granted $25,000 for a trip to study women's education in Japan. An MP from Bihar did not even wait for foreign exchange clearance before leaving for foreign shores.

Ministers have been asked to limit their entourage of personal secretarial staff when travelling abroad as all embassies are equipped with staff to work for visiting dignitaries. Yet most times even the additional private secretaries accompany travelling ministers. Recently two cabinet ministers (staff in tow) visiting Washington were put up at the diplomatic suite of the Watergate Hotel at a cost of $800 a day per room. A senior official in the expenditure department sarcastically comments that India could hire a full time lobbyist in Washington for the price they have been paying for the needless number of visiting delegations.

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The socialistic Janata Dal government is planning more meaningful gestures to cut costs. On the basis of a letter circulated in 1988 to effect economy in expenditure, drastic measures are being worked out. Some of the cost pruning proposals are:

- New fixtures and furnishings should not be purchased solely because of change in incumbents.
- Ministries/departments should reduce by 20 per cent the number of direct lines of telephones paid for, by going for PBX.
- Authorities should be held accountable for excess expenditure over budget allotments.
- Bunching of expenditure in the closing months of the year should be prohibited and the annual budget should be broken into quarterly budgets for monitoring.
- The controller of accounts should report to the financial advisor every month on the actual expenditure/receipts. Immediate remedial action should be taken when there are wide variations from the budget.
- All ministries should be told to curb government expenditure on revenue account.
- Attention should be paid on realisation of interest and repayment dues from capital invested in public enterprises.
- Official lunches/dinners should be kept to a minimum.
- Ostentatious expenditure on festivals, fairs and exhibitions should not be permitted.
- Training programmes should be kept to essentials.
- Unless there is a commitment, hosting of international conferences should be avoided.
- Improvement of existing flooring and wall panelling in government buildings to cater to personal preferences should be prohibited.
- Creations of posts in ministries and departments should be banned.
- All grant-in-aid institutions should reduce the manpower.
- Programmes and activities should be prioritised as additional funds will not be provided.
- Default of receipts should not be allowed or excused.

It is proposed that these steps, once finalised, would be applicable to public enterprises and autonomous bodies substantially financed by the government. So far, the finance ministry is still preparing a draft proposal for austerity measures.

Bureaucrats are, however, cynical about the effectiveness of this belt tightening drive. "The ministers themselves will flout all the rules," says an official at North Block. Such circulars were issued earlier on 21 April and 24 March 1988. He recalls a time when a minister of the previous government visiting the US stayed at the Waldorf Astoria and got the hotel bill for his family picked up by an industrialist. "Similarly these people will also find a way out. It might prove more costly for the country this way," the official remarks. In fact, as expenditure department officials sarcastically remark, it is far more expensive to maintain their ministers in simplicity.

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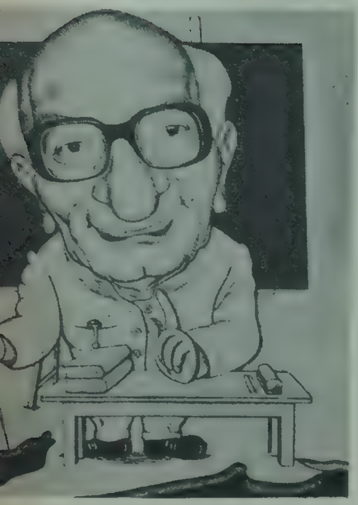
MADHU DANDAVATE

The man, the minister

No one can say that the man lacks integrity. His moves show a depth of conviction which is put forth admirably. But in this day and age, are Madhu Dandavate's socialist prescriptions for development the right ones?



In 1941, Madhu Dandavate, then a 17-year-old boy, stepped into Bombay city to participate in competitive cricket. He was considered the best in his home town, Ahmednagar, and his parents thought Bombay would be the ideal place for him to study while he waited for a chance to enter the big league.

The chance never came. He did, however, finish his MSc at the then Royal Institute of Science. He could not complete his PhD because he got pulled into the Quit India movement by an uncle. Later, at the invitation of B.R. Ambedkar, he taught at the Siddharth College from 1946 to 1971 and gave guest lectures on nuclear physics at Bombay University. At the same time, he kept up with his political activity. And from secretary of the Socialist Party, Bombay, at the young age of 23, to finance minister in charge of the country's purse strings today, has been a long journey.

The transitions as sportsman, scientist and politician have not changed the man — rather, they have amalgamated to present to the world the Madhu Dandavate of today. He retains his interest in sports — avidly watching World Cup soccer on television. And during his recent trip to Washington to negotiate a loan with the World Bank, he was cooped up with his ex-students till the wee hours of the morning discussing breakthroughs in science.

Because of his long-standing ideological association with socialists — Acharya Narendra Dev, S.M. Joshi and Jayprakash Narayan — industrialists often wonder wether he is friend or foe. But one senior bureaucrat calls him a "pragmatic socialist".

Belief in efficiency

Some heads did roll after he took charge. M.J. Pherwani, chairman of UTI, Nitish Sengupta, secretary, revenue, and Gopi Arora, secretary, finance were transferred. But it is well known that these changes were not at his behest. Few other changes were seen in North Block. His predecessor S.B. Chavan's personal secretary (from the IAS cadre) Krishna Sunderam continues to be his PS too. "That is probably because my father does not believe in political appointments but in efficiency," says Dandavate's son Uday, a freelance industrial designer, from the National Institute of Design, Ahmedabad. Old Janata associates call Dandavate "a goody-goody chap but indecisive", and say that bureaucrats are likely to get their way with him. But, by the same token, his integrity is above question. Even those in the Opposition are willing to concede the man's integrity. His personal property comprises a small single-bedroom apartment in Dadar at Bombay. Uday has shifted out of the ministerial bungalow, since his father took charge, to the down-market Mayur Vihar area. This is where the professor goes when in need of rest and relaxation.

Needless to say there are detractors galore. Edwardo Faleiro, former Congress minister of State for finance, says: "He may be honest but his budget will lead this country the Latin American way. We will soon become a banana republic." North Block sources say the finance minister does not like to leave the running of the ministry to his bureaucrats. He insists on going through every file before signing and attempts to reply personally to most letters. He once angrily asked a bureaucrat who had bunched up a huge pile of files for him to sign in half-an-hour, "Am I a cyclostyling machine?"

The 'ism' factor

Those working under Madhu Dandavate claim that the pressure sometimes gets to him and he becomes irritable. But his sense of humour and simplicity have won him the loyalty of his staff. He says: "Most people have an 'ism' they believe in. I believe in socialism. Someone may believe in capitalism or marxism. Indian bureaucrats have their own god — not-possibilism. They must learn to say 'yes' to work assigned to them more often."

Dandavate is known not to throw his weight around and has a tendency to seriously consider even the least supported opinion; this, of course, leads to delays. Junior officials in the North Block claim they often have to use the finance secretary to goad the minister to get a quick decision.

To stop the construction of a proposed 5-star hotel at 10 Asoka Road, where he had been allotted a house as an MP, he refused to shift to a larger ministerial bungalow. In any case, as wife Pramilla, an activist in her own right, says: "He does not believe in ministers occupying huge mansions."

A hardworker, he has been doing long shifts to come to grips with his portfolio, including taking computer lessons. He has even given up his customary after-dinner walk for lack of time. Yet, he is accessible and is willing to spend hours exchanging ideas with visitors. He has had security reduced to a minimum; the doors of his bungalow are thrown open and Dandavate has instructed his two mandatory guards to make themselves as inconspicuous as possible.

His dedication to work goes back to his youth. Pramilla recalls how he turned up for their marriage in the nick of time — with a wound and high fever, straight from a work camp near Karjat, outside Bombay, where he was helping in the construction of a canal.

To date, the most visible statement from the finance minister has obviously been his budget. Yet, Dandavate readily admits that his budget has contributed to the general price rise. But he justifies this by saying he inherited a walloping budget deficit of Rs.11,789 crore and an interest liability of Rs.17,000 crore due to depletion of internal food stocks and foreign exchange reserves. Also, all growth policies had to be modelled with emphasis on employment generation.

Prices of essential goods — have shot up — edible oil, sugar, wheat, and tea. He has already addressed himself to reducing prices by using the public distribution system effectively, importing more edible oil and pulses, and stalling the export of tea to the USSR.

Question of priorities

An aide in North Block jokes: "The Budget is in any case just a matter of balancing the pluses and minuses. You take from one hand and give to the other. The defence expenditure was increased; so oil prices had to be raised to compensate." This is true and his acquiscience on increase of defence expenditure is questioned by an old comrade who prefers anonymity: "Has he forgotten what the country's priorities are — development or super-power status?"

Against his simple personal life, his background as a scientist and as a socialist, it is easy to explain many of Dandavate's public actions. Seeing the futility of excessive bureaucratic controls, he supported large parts of Ajit Singh's industrial policy. He is not entirely averse to foreign investment, nor is he entirely abhor to private sector participation in key areas like power or highways.

He is open to debate, discussion and suggestions on the subject and says if public pressure makes him feel he is wrong he is ready to change policy decisions.

Perhaps what makes him receptive to a variety of ideas is his background. His parents were social reformists. His elder brother, Vrindavan, is a well-known playwright in Marathi and an assistant director of NCPA, Bombay. Another brother is a professor of engineering at the prestigious VJTI, while a third is a trade unionist. His sister is a television actress. His closest friends are old party comrades and professors, Kelucharan Mohapatra, noted Oddyssey dancer, being one among them.

With Morarji Desai: a pragmatic socialist

But it is not his budget alone that will determine Dandavate's success as finance minister. Clearly, no matter how pragmatic he is, he appears to be unwilling to break out of his socialist mould. It is not that he is not pragmatic or open to discussion, nor can one say he is wrong in the statements he makes. But the real problem, as perceived by some perceptive observers, is that Dandavate always turns to the past and to his past experiences to justify present action.

Unfortunately, at this juncture of India's development, it is not the past that will serve as a guide, but one must be prepared to leap into the future. With the excessive centralisation of our economy and government dominance of our capital markets, coupled with a high degree of protection for our domestic industry, our economy will continue to be inefficient and uncompetitive; this in turn will necessarily limit our growth.

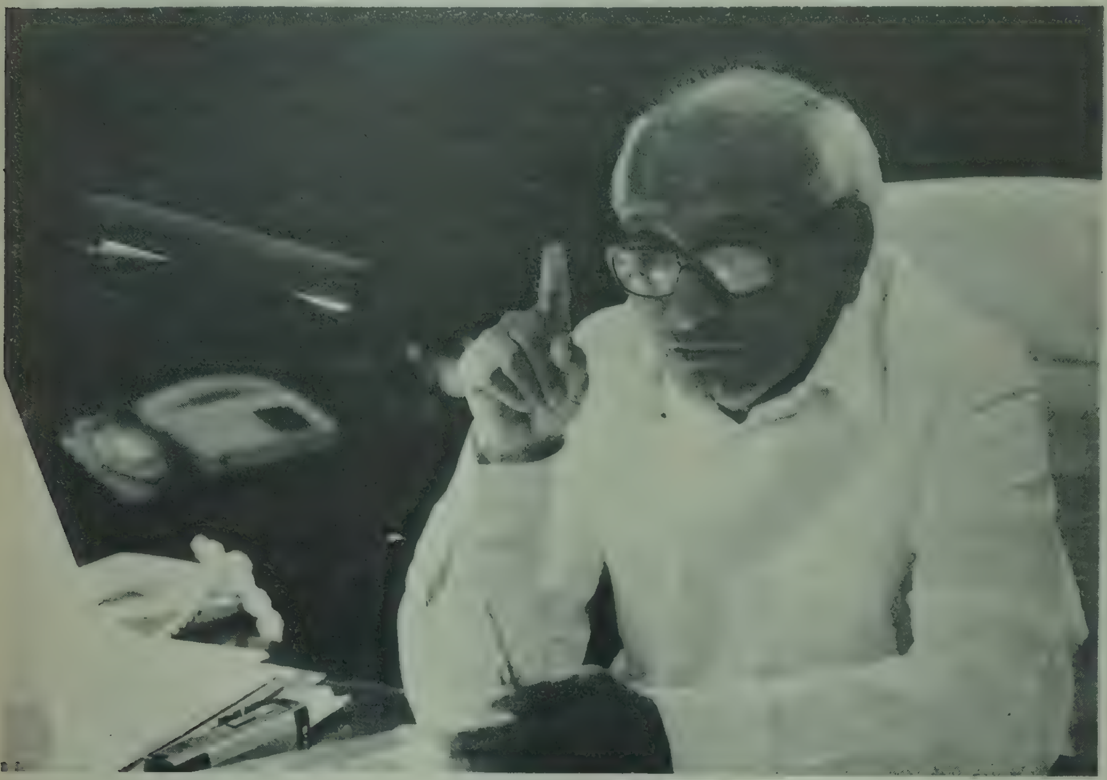
East Europe has cast aside half a century of centralisation and concentration of power in the hands of the state. While Dandavate is pragmatic enough to see this clearly, he seems unwilling to take truly radical steps or, to put it more fairly, he does not believe that such radical change is either necessary or desirable in India.

As one old politics observer puts it: "There is no point speculating whether he is a good or bad finance minister. There are only either successful or unsuccessful finance ministers." As of now, it is yet too early to judge Madhu Dandavate.

With 'JP' and P. Upendra: ideological association

"I have a perspective"

Over three long sessions, finance minister **Madhu Dandavate** *spoke to Ruchira Gupta of* Business India *about his beliefs and the shape that he hopes to give to the country's economy*



What are the achievements of V.P. Singh's government in its six months in office?
We are implementing all our poll commitments one by one. The last election was won on one very prominent issue: corruption in high places, symbolised by Bofors. We have almost pushed this issue to a concluding point: the National Audit Bureau of Sweden had already submitted a report during Rajiv's regime. A report concealing names.

Now we have persuaded them to give a fresh report in which they have mentioned those who were involved. But there are legal complications. Sweden said it has additional sensitive information but will not pass it on if we make public the confidential information. Naturally we are waiting for that information.

To clinch the issue of corruption in high places, we have already introduced a Lok Pal bill.

Secondly we had promised that reservation would also be extended to ten years to the neo-Buddhists of B.R. Ambedkar. For this, legislation has already been passed.

We had said that mass electronic media was creating havoc with propaganda and brainwashing. We have already introduced a bill for greater autonomy to AIR and Doordarshan.

Also, our long term fiscal policy is almost ready. We are having further consultations with industrialists, economists and trade unionists. In the monsoon session this year, we will finally adopt the long term fiscal policy.

We have also made certain structural changes in the taxation policy. We found in the last 30 to 40 years that it is not axiomatic that whenever you reduce the direct taxation rate, automatically there is better tax collection. On the contrary, we have seen that if the changes are marginal, there is hardly any change. Earlier the additional tax mobilisation from the corporate sector was zero. This time we expect to mop up Rs.800 crore from them. The reason: the previous government had allowed the investment allowance and investment deposit accounts schemes. The result was that the greater the investment, the greater will be the rebate available. Therefore, the most capital intensive companies in the country were going completely out of the tax net and their payment of taxes was zero.

So I decided to abolish all the incentives given to the industrialists, particularly those availed of by the capital intensive companies. And I reduced the direct taxation from 50 to 40 per cent. So those who were paying zero tax will now pay 40 per cent tax. On the other hand, I have kept salaried employees happy.

I think our government's only two weak points have been Kashmir and Punjab.

But why did the income tax structure for salaried individuals attract so much criticism?
We do have a section below the poverty line. But we also have the salaried and business people and those who have wealth and give enormous gifts to launder money. They are altogether different. So for different classes, I have applied different taxation rules.

For every Rs.1,000 extra exemption of income tax limit, the loss to the exchequer is Rs.105 crore. But I decided my tax structure, taking into account both savings and salary. While, technically, I have raised the limit to only Rs.22,000, the actual beneficiaries will be those earning between Rs.36,000 and 42,000 if one takes into consideration PF, annual savings of Rs.6,000 (which is the average) and one LIC policy.

Many in Parliament gave me instant critical reactions. But later, many trade unions and officers have congratulated me on the tax structure.

Hasn't the cancelling of farmers' loans put a tremendous strain on the exchequer and the rural credit system?
Because *kisans* were not getting remunerative prices, there has been indebtedness in the country. We will see to it that this loan waiver will not destroy the credibility of the banking system. One solution would be to ask the Reserve Bank to bear 50 per cent of the responsibility and give some sort of loan in a staggered manner for two to three years. But the scheme has not been finalised because we are waiting for inputs from the states.

Haven't many banks refused to give further loans to farmers because they feel the new loans might also be waived?
No, no, no. They will not do that. We are only giving farmers one complete loan waiver of debts unpaid till 2 October 1989.

Is it true that some countries refused to

supply us with oil because we could not pay earlier bills?
I posed the same question to myself. I said we will suffer, we will levy taxes internally, but we will pay the bills. The position of oil was very precarious. You can play tricks with everyone but not with the economy. Therefore we were forced to make the unpopular choice of increasing duties on petroleum products.

In doing that we avoided naphtha, kerosene, LPG, low speed diesel and even furnace oil used by small scale industries, and we hiked the rest. No doubt the price of transport and by extension the prices of general commodities has gone up, but the contribution of the oil price hike is about half per cent to the price rise.

What will be the trend of prices of sugar, tea and edible oil?
Let me explain how we have begun with sugar. In the previous year, the rise in price of sugar was mainly due to production coming down from 9.2 million tonnes to 8.7 million tonnes. This financial year, the production of sugar will be anywhere between 10.5 and 10.7 million tonnes and that will have a direct impact on the prices.

We have sorted out wagon movement with the railways; as a result, region-wise cement prices have been adjusted to some extent. The most alarming is salt for which the freedom struggle was launched.

For oilseeds, in the coming season, we have give more incentive to production. The only difficulty is our foreign exchange scarcity. For edible oils, we require foreign exchange. It has become a vicious circle.

So what will you do to combat this?
Improve exports. For that we have given all kinds of concessions. We have said that on the capital goods imports which are required for export oriented industries, we will give 25 per cent customs duty exemption.

You say the cement price rise has been checked. But a black market in cement has reappeared in the last 6 to 8 weeks.
When there is artifical scarcity, in this case due to wagon movement difficulties, the black market takes advantage. But this has now been sorted out.

How are you going about achieving your targets?
Firstly, I will evaluate the performance of my ministry every four months and announce the evaluation in Parliament. As the railway minister, I had projected a surplus of Rs.80 crore of profit, after 10 years of deficit. I then worked out the budget, month by month, and fixed targets of expenditure and revenue for every month. I used to sit with the officers and monitor their work. The net result was an actual surplus of Rs.126 crore. Now, we may not succeed to that extent but constant monitoring will make us more responsible.

The industrial policy is in the eye of a storm now. Did you oppose the first draft of Ajit Singh's policy?
Drafts are always getting modified. For instance, the draft document of my long-term fiscal policy was changed. Do you know that the 1956 industrial policy resolution was a culmination of five or six drafts? Collective wisdom means that everyone should contribute and when an idea strikes, it should be accepted whether it comes from the majority or the minority. Those of us who have come from a political background and have the experience of public participation realise the importance of considering everyone's ideas.

Does this mean that there is much more emphasis on cabinet discussion than earlier?
Of course, yes. In the previous regime and in the days of Mrs Gandhi, I have been told that she used to say, this is the item, this is the policy, and nobody opened their mouths. Nowdays cabinet meetings sometimes go on for 5 to 6 hours.

Is it true that bureaucrats are running your ministry?
Not at all. Atlee once said that when any minister comes to his office, he is judged by his bureaucrats within 24 hours. I don't even get my speeches written by them. I told my officers that I don't want to be a victim of a cartoon by Laxman where the minister starts reading the wrong speech.

I have a perspective. I am on record for having spoken in Parliament on every budget and sometimes my bureaucrats tell me that the briefing they give me is only the tip of the iceberg, since I have collected much more during my opposition days. Those of us who are committed politicians have a certain background and therefore a certain perspective. Even while in the opposition, we had done our homework well.

So we are not slaves of bureaucrats. In fact, I think that being the head of my ministry, I jolly well am responsible for every failure or success.

Collective wisdom means that everyone should contribute and consider everyone's ideas

Apart from corruption, inflation and price rise was the other issue which brought down the Rajiv government. The same sword is hanging over your head. What are you doing about it?
I admit that levies I have put on petroleum products have affected the prices of commodities. However, our rough calculations show the contribution of the rise in price of petroleum products to the rising prices is only half per cent.

I don't want to indulge in jugglery and say last year at budget time it was this and it is slightly less now. I am not satisfied and I admit that at present, in absolute terms, the prices have gone up. But, other factors also contribute to the price rise. For this reason, we have had to control the deficit.

Every finance minister has historically said prices will rise only by a half or one per cent. Don't you think it is more in actual terms?
Yes. Price rise has a cascading influence. I cannot say it is only half per cent and not more. Someone suggested that a parliamentary committee be set up to find out whether the prices have risen. I said no committee is required, what is required is a housewife. She is the correct indicator.

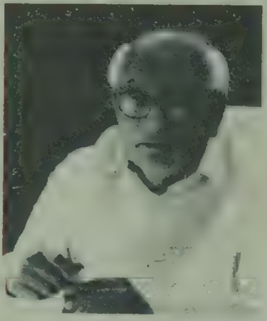
Don't you feel that some statements of your government have contributed psychologically to the price rise?
Yes. A psychological factor is there. The prime minister saying the coffers are empty and I standing up on the floor of the House and saying that it was an understatement. We had a huge deficit coupled with external debt. So traders who wanted to cheat consumers began raising prices immediately.

People also got ready for budget announcements of price rise; like the *scooterwala* (auto-rickshaw driver) who began charging more even before the petrol price hike came into effect. Then when I announced that the Gold Control Act was to be abolished, within the next eight to ten days, gold prices fell though the policy had not come into effect. On the day we took charge of the government I announced that we are taking concrete steps to see that hoarding is checked. No measures were taken, but prices went down. Purely psychological effect.

It is easy to say that watches, scooters and refrigerators, etc, are luxury items. These are hardly luxury items today. Unless one takes steps — one should cut excise on some items to increase production — there is not going to be any psychological change.

I fully agree with you and I shall give an illustration. In my financial proposals I had completely eliminated incentive on investment. But I found that tea affects consumers a lot. What happens with Reliance or Bombay Dyeing does not matter to them. But tea does. So for tea, we are restoring the investment account scheme.

Social objectives of the public sector must be imbibed by the private sector



You have increased telephone charges, airfare and freight. Thus input prices have gone up and the corporate sector feels that the trend is set and therefore no matter what Dandavate says, prices are going to rise.

If we pander to the psychology factor too much and upset our economy, it will prove very costly.

Supply side economics has worked well in the West. What attempts are we making here to foster the supply side, rather than only manage demand?

When you compare with the West, remember the distinction between developed and developing countries. Developing countries have had inflation of 70 and 80 per cent. In some cases even 1000 per cent. But developed countries, where inflation is 6 or 7 per cent, can absorb it. In Germany, they have a new problem. Negative inflation. But they can absorb that too. This is because of their level of development.

We as a developing country cannot keep up. There are socio-economic constraints. I will give you a simple example. In the service sector like banking, foreign banks have an advantage over Indian banks and show a higher profit, because they have no social obligations like our banks, who must go to villages. And they have computerised technology which is a tremendous advantage because the client is only concerned with how fast his cheques get processed. (Laughs.)

Why are you so bothered about your deficit? Even the US has a huge deficit.

Yes, but it can absorb it because of its level of development. I am not among those who take an alarmist view of deficit. If a substantial portion of deficit is utilised in developmental work, then part of the deficit itself will neutralise the inflationary pressure. But that is not happening. Large debts are arising out of non-productive work like defence expenditure, which is a huge Rs.15,750 crore.

What steps are the government taking to curb such non-productive expenditure.

As far as defence is concerned, we cannot touch it. But on other heads we have taken unpopular steps across the board of cutting expenditure of ministries. I have told them their quota and they must manage within it. And I don't think the size of our bureaucracy compared to the resource mobilisation can be matched anywhere in the world.

In your own ministry, P-forms were abolished some years ago. Yet, till today, we are filling those forms. Where are these papers kept?

You have forgotten the one big change we have brought about. There are certain slabs which are not required to pay income tax but still had to file returns. That has been done away with. Also, do you know that exporters had to fill 400 forms? That is now reduced to two.

So we are reducing bureaucratic controls drastically. Now, in the new industrial policy, a positive list has been prepared. Chandrashekhar is very angry because he has probably not seen the positive and negative lists. For instance, he was under the impression that when we had the equity on 40-60 there would be automatic permission. But that is not so. It is not indiscriminate and it will be applicable only to those in the positive list.

I was just trying to read a book before you came and tried to find out what the attributes of a good taxation policy are — simplicity, stability, equity, controllability, neutrality, efficiency, acceptability, flexibility. That is what I want to achieve.

Why don't you open key sectors for privatisation?

Tell me, how public is the public sector and how private is the private sector? Do the people who talk so much about the sanctity and vitality of the private sector realise that when their so-called private sector becomes sick it is the government which bails them out? And when their units are nursed back to health, they tell the government to hand them back on a silver platter.

Similarly, I ask, how public is the public sector? How many profit-making public sector units have let their workers purchase equity? How many in the public sector have a public accountability, either to Parliament or to other institutions? But at the same time, within our constraints, I think both public and private sectors are complementary.

But isn't the public sector pretty sick at the moment?

Don't tell me the private sector is not sick. But that is not the issue. The point is that social objectives of the public sector must be imbibed by the private sector, unlike now, when private sector is synonymous only with profit-making. That means, wherever there are losses, government should take over, and where there are profits, let it be privatised.

So I have coined a new slogan: The philosophy of pseudo-radicalism — nationalisation of losses and privatisation of profits.

So you think the public sector is in fine fettle?

I admit that public sector must incorporate the professional management of the private sector. In the public sector a man is an IAS officer. He has studied literature and has got a gold medal. He has written a thesis on Shakespeare or Shelley. All right, he can be a very good poet. But do you want him to mete out poetic justice to the public sector? Running an industry is an art and a science, so you must be able

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But I am against privatisation of, say, passenger transport. In my childhood, no passenger transport would go to the villages. Because private entrepreneurs did not get any profit. It was only when a state transport system was introduced that buses reached our villages. So both public and private sector are needed in the country.

Let us take the issues of the nineties and not discuss issues of the fifties?
The issue of the eighties and nineties is that 2,000 private enterprises have become sick. The biggest issue today is industrial sickness.

When the managements fail, the laws protect them and they continue to remain entrenched. What prevents the sick units from being wound up and the same assets being restructured?
There is one problem. Even the new managements come back to us for help. Second, sometimes the units employ old technologies and have such meagre resources that they have to sell assets to repay loans. So what happens to the workers?

But suppose workers are protected and they get their dues, but the assets are restructured and new jobs are created, then is there any need to nationalise?
But who does that? Today, takeover of sick industries means nationalisation, which actually means hospitalisation.

What about allowing the private sector into the capital market to raise money for key areas like roads, power and housing?
This issue is being debated now. I tell you there should be neither an allergy nor an obsession for privatisation of a public sector. It should purely be a pragmatic proposition, whatever gives strength and stability to our economy. That is the only criterion.

I told the World Bank chief that you people behave as if the IMF were an instrument of the international private sector. All of you sitting here, all your bureaucrats, all your finance and facilities are available to you because of grants of governments. And still you talk the language of the private sector!

What prevents the government from selling, say 30 to 40 per cent of shares in profitable undertakings like Maruti, BHEL, ITDC and Indian Airlines to the public and raising resources, particularly since there is a crunch?
We will decide that on purely pragmatic grounds. Without the cabinet taking a decision, I cannot say anything. Your advantage is you can ask any question. But my freedom to reply is limited.

But are these the things you are thinking about?
Yes, the debate is going on in Parliament. Debate is going on in the Janata Dal government also.

When are the decisions likely to be taken? Aren't we losing time?
There are so many things we have already changed; for instance, the controversy over control over foreign equity investment, control over exports and imports. Have we not given a thrust which is quite different from the traditional thrust? So it takes time.

Are you in favour of a constitutional amendment on the government's right to borrow for financing internal deficit?
Personally I am very much in favour of invoking Article 292. For the simple reason that our country and my finance ministry — all the ministries — will learn the lesson of fiscal discipline. Our debt-service ratio has gone beyond 30 per cent. That means one-third of our resource earnings will be utilised not for developmental activities but for servicing loans. Of course, we have the soft option of borrowing and showing it as an asset in our budget also. So we pretend we have resources which are actually debts and somehow everybody accepts that.

When you talk about resources mobilisation, are you in favour of decentralisation? Should states be allowed to have their own unit trusts?
No, it has to be done very carefully. On decentralisation, Acharya Narendra Dev said one very good thing which Lohia quoted. Narendra Dev told Lohia: "I am in favour of decentralisation. But having realised that the need in a developing country is fiscal discipline, decentralisation with co-ordination is necessary."

Total centralisation will mean in a way complete anarchy for the state and decentralisation without co-ordination will again mean anarchy. I want decentralisation with an element of co-ordination. So I am prepared to go in a phased manner with the experiment of giving financial institutions autonomy over distribution at state level. But, at the same time, some co-ordinated policy would have to be formed. Otherwise I am afraid financial institution of the state and Central sector will clash even over resource mobilisation.

I will give you a classic example. Some of our colleagues from the states are going direct to the World Bank. Recently the chief minister of Andhra Pradesh had gone to meet the president of the World Bank. He wanted to directly borrow money for assistance to salvage the situation in Andhra. With the type of policies that are current in IMF, they would very much like to put one state against another and create internal disturbance. Therefore, it is necessary that all these efforts should be channelised through the Centre. It is not a threat to decentralisation. It is only a matter of co-ordination.

We pretend we have resources which are actually debts and somehow everybody accepts that

Why should all banks be controlled by Centre and not at state level for resource mobilisation?
That too, in a phased manner. There should not be clash between financial institutions and banking institutions in the Central and state sectors. In that case an unhealthy trend will develop. Suppose a depositor has to choose between Bank of India in the Central sector or some bank that is run in the state sector, like in Maharashtra or Tamil Nadu. I will try to woo him to the Central banks so that my business does not suffer. I shall try to restructure the entire rates of banking in such a manner that Central banks give more incentive to depositors, so that state banks will not be able to mobilise resources.

It is alright as far as urban banks are concerned. But today rural regional banks in various areas are in losses. Banks in cities like Bombay would have an advantage as it is an area of affluence. So there has to be protection for banks in less developed areas.

The Kelkar Committee has recommended fiscal measures which will maintain the separate identity of regional banks without trespassing on the rights of the central banks. So a phased implementation of this has to be done. Let me ask the critics of the nationalised banks: will private banks give poorer and peasant sections a liberal credit policy?

There is some sort of nexus between the politician and the black money power

Are you in favour of allowing private sector banks?
They will not accept the social obligation. In my youth, till STC started, no private buses would come to our village. There are still a few enlightened capitalists, like 90 per cent of the Tatas' profits goes to the cancer hospital. But will all private entrepreneurs do that?

Have your perceptions changed since you became finance minister?
I have only been here 100 days, but I am not in favour of a status quo.

As finance minister what steps can you take to encourage housing development which can also create employment on a large scale?
We are thinking of diverting the unaccounted, black money in development channels and we have chosen a field like housing in which the diversion of unaccounted money may help the poor.

Talking about black money, what specific step can you take to prevent its continued generation?
There should be no proliferation of black money. All we have to do is to go to the sources and strike at the root. All sorts of malpractices, for instance, under-invoicing and over-invoicing, exist. Also there is some sort of nexus between the politician and the black money power because of the existing electoral system. So, a basic change in our electoral system as well as state financing of polls, which is a source of black money generation, has to be done. We have to ensure that certain activities like smuggling should be curtailed.

It cannot be done only by law and order. Fiscal measures are needed, like abolition of the Gold Control Act, to reduce the large differential between the price of gold in our country and international prices. Also, other legislation, like the gift tax must curb ostentatious expenditure. It may not give revenue but it will create an ethical climate.

Every past finance minister has said the same. This has been ethos since Gandhi. Yet the opposite is happening. Why?
Gandhi has been put upside down. It is fashionable to display wealth. Black money in the hands of the middle class entrepreneurs has become something of a status symbol. They want to display it. Some small beginning has been made with the gift tax legislation. And I promise you that in five years, electoral reforms will be implemented. Already, political parties are sitting together to work this out.

Do electoral reforms include audit of political parties?
I am all for that. More than auditing, what is needed is some punitive measures, like in West Germany. What they have done is curb money power in elections and reform the political system.

One of the aberrations in our system is multiplicity of political parties. If one particular party ruling for a number of years is to be defeated, it becomes impossible because the total opposition vote gets squandered away between different parties. Therefore the status quo continues. That also can be changed — just fix the rock bottom a party must poll in the previous election to qualify for state support. Small splinter groups will then try to merge and automatically some sort of consolidation of parties will take place.

All said and done, if we take lakhs of rupees from a few selected industrialists, then unwittingly there is a pressure on my mind while framing policies to change rules and give some small concessions to that particular trading lobby.

The number one problem has been foreign exchange. Are you willing to borrow from anyone willing to lend? If the IMF is willing to lend five billion dollars with no conditions attached, will you accept?
Have you seen the working of the IMF? I don't want to be very harsh on IMF. But I refuse to admit that their political alignments do not come in the way of their proposition. This is the easy option out. Japan could develop and Germany was completely resurrected because they did not depend upon external assistance. We need discipline even in our trade unions. I have not seen any place other than Japan where the trade unions had played such a considerable role in strengthening the collective bargaining power without harming the economy.

Are you going to take any specific steps to encourage NRIs to remit more foreign exchange?
Firstly I believe that foreign exchange cannot be mobilised by merely relying on NRIs. That is, no doubt, one source and there is nothing wrong with trying that,

"I have kept salaried employees happy"

but more important is to create a foreign exchange reserve. And this means promotion of export oriented industries. And to encourage them, we will have to relax our customs, investment and capital import policies.

Another way to get foreign exchange will be through foreign investment in the country. In the areas where we depend on self-reliance we are not keen on foreign investment.

But there are other areas where we can allow a 40 per cent equity participation by the foreign collaborators and where we allow an even bigger foreign stake provided we are getting some direly-needed technology.

I have not made up my mind yet, but we must also explore whether, after the abolition of the Gold Control Act, we can allow NRIs, as also the tourists, to bring in a certain amount of gold, provided the customs duty for it is paid in foreign exchange. Then, we can allow some latitude to these NRIs in selling the gold. With this, not only will smuggling be reduced, but we will also get foreign exchange.

Instead of giving all this concessions why not simply permit NRIs to remit money on a non-repatriable basis. A certain percentage of that could be sold in the open market.

That is true. But that will have to be done very carefully since sharp disturbances in transactions will affect the economy of the country. If they give their money in the developmental activities, that is good.

There is a difference between equity investment and borrowing, because you could make dividends conditional upon adequate export earnings.

One of the reason why even in the field of equity investment I don't want to be absolutely indiscriminate and reckless is that I believe, in the final analysis, every developing country dreams of becoming self-reliant. In the changing world of political tensions one does not know at what stage the investment pattern by certain countries will change. One example: USA entertained the invoking of 301 and also tried to pressurise India to demand better investment conditions and also entry to the insurance field. But general and LIC insurance has been nationalised. Why should we reverse established policy to gain favour?

Sometimes international alignments changed as a result certain assistance dries up. If sole reliance is on equity investment, borrowings and portfolios, etc, our economy won't be really stable. Let us not indiscriminately take recourse to any particular strategy in which we have to depend on foreigners.

Are you in favour of portfolio investment?

If it is done in a very large way, there will be other side effects also. Therefore it should be done in a balanced way. Our country is losing fiscal discipline because we are in search of softer options. So our entrepreneurs have become lazy; they work when they must and rest when they can.

Do you have any targets? How much foreign investment are you willing to absorb?

I cannot say how much. It has to be worked out.

Are you not going to prepare a budget for foreign borrowing, investment, NRI remittance and equity?

We will have to fix a rough budget.

Are you in favour of the private sector entering areas like financial services domestically, such as private sector banks and mutual funds?

Not now. But the issue is open to change. As long as the social obligations of these are fulfilled. We have elevated the public sector philosophy to such an extent that it will become the end instead of the means. Even Gorbachov has understood that you cannot have nationalisation if you don't have the means to run it.

Why not let somebody compete with the state sector?

Perhaps. I am not in a hurry.

Today provident fund money goes willy nilly to the government. Have you thought of allowing the money to go through non-governmental channels into industry?

Savings is the only factor which has an inbuilt resistence to the inflationary pressures on our economy. PF is a lot of the country's saving. I don't want to touch it now.

Are you in favour of investing provident fund in employee stock option plans?

That suggestion is already being considered. Also, in the profit earning public sector, employees should be allowed to purchase stock.

What are the signals you are sending to the financial market by repeating again and again that financial institutions should not play with the market?

I think we are sending very healthy signals. Small investors are feeling safer now that FIs cannot artificially boost the capital market.

In the areas where we depend on self-reliance we are not keen on foreign investment

What do you feel about the Kashmir problem?

There are some factors which are beyond our control. Today, the security environment has changed. We must take firm and persuasive postures. I dream of a spirit of Gorbachovism to emerge in the sub-continent so that China, India and Pakistan can sit down and cut their defence expenditure.

Do you realise what this will mean? Last year alone, our defence budget was Rs.13,000 crore, and later hiked to Rs.15,027 crore. Imagine, if Rs.2,000 to 3,000 crore were to be cut here, what an impact it will make in our developmental activity. And the Kashmir problem will automatically get sorted out. I think a congenial atmosphere (in the sub-continent) is the only long-term solution.

Do you feel hemmed in by the BJP and Left? Are there any pressures?

Not at all. I think it is working very well. If they were to be inside the government they may have been in an embarrassing position. Take for instance article 370. I liked the statement of L.K. Advani that day. The prime minister got up and said we are irrevocally committed to 370 according to our manifesto and Indian Constitution. Advani got up and said 'Mr PM is correct. He is not saying this only now. Even before the electorate, he was committed to article 370. But we are against it.' So, you see, Advani is on his own and we are on our own and as far as government is concerned there are the issues, but the primary concern is maintaining stability.

MANAGEMENT DEVELOPMENT PROGRAMMES

XLRI INVITES PARTICIPATION IN THE FORTHCOMING PROGRAMMES

INTERNATIONAL MARKETING

August 5-10, 1990
Venue: Bombay
Programme Director: Dr Atul Parvatiyar
Key Areas: Global perspective of international marketing Analysis of international market environment and opportunities Export Pricing, Transfer pricing and pricing policies for international markets Managing international joint ventures and investment abroad Risks and opportunities of profit in foreign exchange.
Participation: Senior and middle level managers.
Fees: Individual Rs. 3900 Non-residential
Team (Per person, 3 or more attendees)
Rs. 3500 Non-residential

TOTAL PRODUCTIVITY MANAGEMENT

August 6-10, 1990
Venue: XLRI, Jamshedpur
Programme Director: Prof M V Madan
Key areas: An Overview of "Total Productivity Management" Statistical Industrial Engineering and Operations Research Decision-Making Tools Factors influencing the Profitability of an Organisation Identification areas for Productivity improvement Understanding Financial Statements Effective Man-Management
Participation: Senior and middle level managers.
Fees:Individual Rs. 4200 Residential
Rs. 3600 Non-residential
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Rs. 3800 Residential
Rs. 3200 Non-residential

RESEARCH AND DEVELOPMENT MANAGEMENT

August 13-18, 1990 (August 15 holiday)
Venue: XLRI, Jamshedpur
Programme Director: Dr G. Balaji
Key Areas: Perspective of R& D Economics of R & D Organisational aspects of R & D Operational aspects of R & D.
Participation: Professional managers interacting with R & D function, Scientists
Fees: individual Rs. 4200 Residential
Rs. 3600 Non-Residential
Team (per person, 3 or more attendees)
Rs. 3800 Residential
Rs. 3200 Non-residential

BASIC LEADERSHIP SKILLS

August 20-24, 1990 & October 8-12, 1990 & March 25-29, 1991
Venue: XLRI, Jamshedpur
Programme Director: Fr E H Mc Grath, SJ
Key Areas: Personal Expressiveness Goal setting skills Problem solving and decision making skills Leadership and conflict management skills.
Participation: Senior and middle level managers.
Fees: Individual Rs. 4200 Residential
Rs. 3600 Non-residential
Team (Per person, 3 or more attendees)
Rs. 3800 Residential
Rs.̇ 3200 Non-residential

XLRI JAMSHEDPUR

CREATIVITY, PROBLEM SOLVING AND DECISION MAKING.

August 27-31, 1990
Venue: XLRI, Jamshedpur
Programme Directors: Prof M A Vanjour
Dr T Gangopadhyay
Key Areas: The Kepner-Tregoe approach to problem solving and decision making The Bayesian approach to decision making The Monte Carlo Stimulation Technique Critical Path Analysis Investment decision Integrated business problems and solutions
Participation: Senior and middle level managers.
Fees: Individual Rs. 4200 Residential
Rs. 3600 Non-residential
Team (Per person, 3 or more attendees)
Rs. 3800 Residential
Rs. 3200 Non- residential

MAKING ORGANISATIONS MORE COMPETITIVE.

September 3-7, 1990
Venue: XLRI, Jamshedpur

Prgramme Director: Prof Sharad Sarin
Key Areas: Nature of competition its genesis, conceptualisation and theoretical frame works. The strategic intent formulation and implementation The differential advantage its identification and maintenance The functions of the top management style, role and leadership The organisational climate, culture and orientation to maintain a competitive edge Issues in organisation structure and their impact in maintaining a competitive edge Innovative approaches to manage environment and organisations.
Participation: Senior and middle level managers.
Fees: Individual Rs. 4200 Residential
Rs. 3600 Non-residential
Team (Per person, 3 or more attendees)
Rs. 3800 Residential
Rs. 3200 Non-residential

EFFECTIVE COST CONTROL

September 10-14,1990
Venue: XLRI, Jamshedpur
Programme Director: Prof Bhavesh M Patel
Key Areas: Cost and Cost concepts Costing for Profit Planning Cost Control-control of materials, labour and overheads - operational level control-control through standards- control through making people responsible-budgetary control and zero base budgeting Cost Reduction Techniques Productivity Measure and Profit Analysis Human side of Cost Effectiveness.
Participation: Senior and middle level managers
Fees: Individual Rs. 4200 Residential
Rs. 3600 Non-residential
Team (Per person, 3 or more attendees
Rs. 3800 Residential
Rs. 3200 Non-residential

expression

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Sudhir Mulji

Inflation and hyper-inflation

Wherever I go, whether I am in Washington or in London, economists seem to have a pretty good idea of what is wrong with the Indian economy, and, judging from the leaked Ahluwalia document, there is broad agreement even in Delhi on what must be done to resolve our problem: we need a liberalisation of the curbs on trade and industry, a solution which does not involve any very radical thinking. But such unanimity of professional opinion is unlikely to lead to any rapid changes in policy, for I do not believe that these views are acceptable to our political leaders or even to many of our senior civil servants.

The trouble is, to think this way means admitting that we have been mistaken in the development strategy we have followed for the last 40 years. One might suppose that events in Eastern Europe and the Soviet Union have provided so devastating an indictment of controlled economies as to eliminate serious argument against the need for opening up ours to market forces. But it is not like us to learn from mistakes of others; for years we have convinced ourselves that the successful path of development followed by open economies like Singapore, Taiwan, Hong Kong and Korea has no relevance to our problems. Equally I do not expect that the distressing failure of the Socialist economies to sound a warning bell to our planners.

Government consumption

I am therefore gloomy about the prospects of any substantive change in policies as a consequence of outside influences; but there is trouble brewing at home which may yet make us rethink. For there are two trends in the economy which must be a cause of great concern to the authorities and which have been the subject of detailed comment by the World Bank.

First, government consumption has been steadily growing and now absorbs over 11 per cent of our real gross domestic product as against 6 per cent at the beginning of the Second Plan, and since GDP has grown by four-and-a-half times in the last 40 years, this means that government consumption has grown by nine times in real terms in the corresponding period. Secondly, and in contrast, public sector savings have sharply declined recently from an average of 3.7 per cent of GDP at current market prices in 1980-85 to only 0.6 per cent in 1989-90. These divergent trends have had a calamitous effect on government finances; the growth in current expenditure without matching increases in revenue has forced the government to rely upon high rates of taxation and deficit financing.

There is of course nothing new in all this, but what should cause concern is that government expenditure seems to be getting out of control. Now this becomes a dangerous game; for there is a great difference between a controlled increase in budget deficits for the purpose of employing unused resources, and an increase in deficits which has been forced upon the authorities because they cannot raise revenue from any other source. The former can be expansionary without necessarily being inflationary.

Ability to absorb

Indeed, one of the features of the Indian economy has been its ability to absorb very substantial expansion of money supply without a dramatic rise in prices; but that phenomenon may be coming to an end. It seems increasingly likely that the effect of continuing government deficits which first absorbed excess capacity, and next resulted in an import boom, will now begin to spill over into a substantial influence on prices.

Readers will be surprised that I put emphasis on future rather than present price rises, for there is a widespread belief that inflation is already too high. That, however, is to judge from our own standards. Indian inflation has in fact been extremely low in comparison with Latin American rates. Indeed, thus far, our policy of deficit budgets has had almost a benign impact on the economy by providing the necessary funds to finance growth, but we now seem to be reaching a limit of what we can get away with. It is this secular change that may be taking place which should be a matter of great concern to the authorities; an inflationary trend with even the occasional very sharp blip upwards, after a poor monsoon for example, is familiar ground for the Indian polity. But a hyper-inflation where prices go up daily is uncharted territory, and no one can forsee the consequences of such an upheaval.

The dangers of populism

Six months ago, when I resumed writing this column, I warned against the economic dangers of populism from the new government; although my worst fears have been somewhat allayed by the moderation of both the prime minister and the finance minister, I still remain very apprehensive of the outcome of some of the policies that the government has adopted. The extraordinary concessions for farmers that Devi Lal has been able to wring from a government, whose finances are already parlous, is a sign that against powerful political lobbies, the first door to give way is the financial one. Of these concessions, by far the most worrying is the remission of loans to the agricultural sector. It is a good example of the kind of policy that could land us in a full blown financial crisis.

The story could unfold as follows: one consequence of the write-off of rural debts may be that many farmers will conclude that, at least morally, the government accepts that their debts are unfair and that they should not be required to repay any of their debts. If a majority of farmers do come to this decision, the loan recovery ratio from the rural areas will drop and the already poor balance sheets of the banks will deteriorate rapidly, until some bank or the other finds itself unable to cope with the demands of its depositors. In other words, a classic run on the banks will begin. The authorities will respond with the only decision they can make, which is to inject a massive dose of money to stabilise the banks. This, in turn, could trigger off a hyper-inflationary process.

This sequence of events may not seem likely, indeed to forecast it is perhaps unduly alarmist; but cautionary tales always seem unlikely when they are first told. It is human nature to assume that the future will only repeat the past, and it is true that nothing as dramatic as what I have outlined has happened in the past; but just occasionally the future does take a different turn — much to the discomfort of the complacent.

MAHINDRA & MAHINDRA

An unseemly affair

The Rs.700-crore automobile giant has been the backdrop to a complex and often indecorous manoeuvring for control from within the board

Last week the chairman of UTI, Dr. Surendra Dave, had a not-so-unexpected visitor — Keshub Mahindra, chairman of the automobile giant, Mahindra & Mahindra. Dave and Mahindra are old friends and this could well have been another occasion of one buddy calling on another. But Mahindra had a specific purpose in mind. He wanted to inform Dave that there could be an unsolicited attempt to disturb the shareholding pattern of the Rs.700-crore company by someone who was claiming to be acquiring large chunks of shares. He wanted to know if UTI had sold any of its 18 per cent holding in the company in the recent past, and sought its support in case of any problems in future.

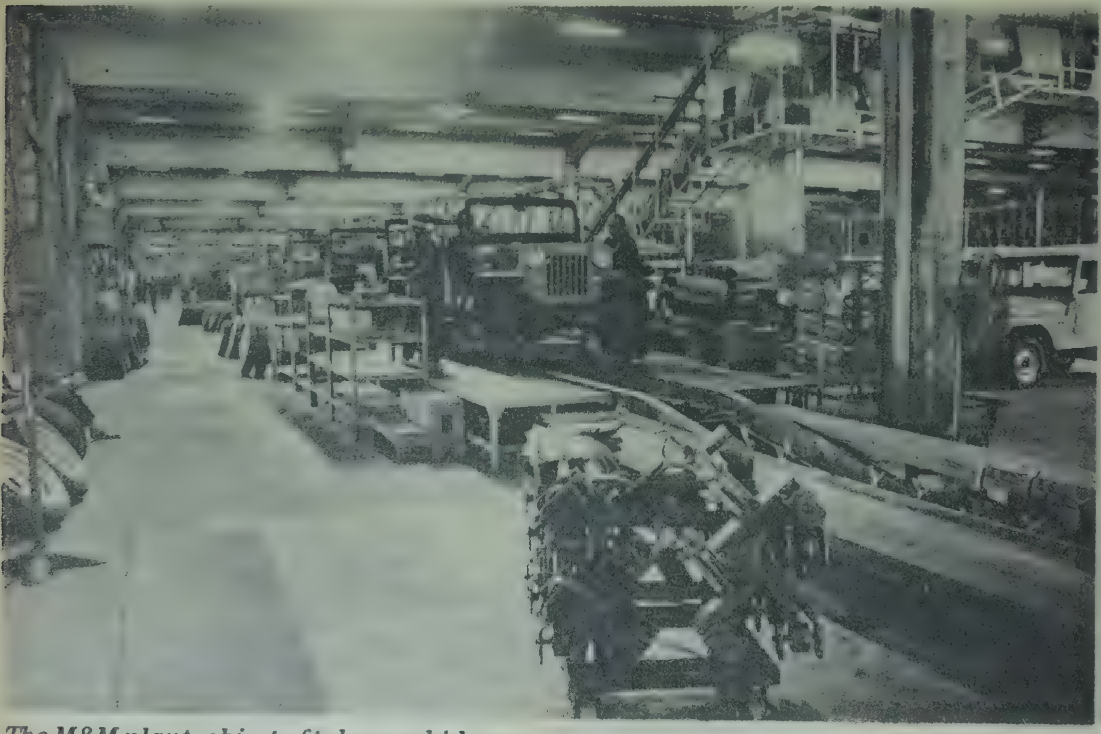
Soon after, Mahindra also called upon P. Chidambar, chief of investments, of Life Insurance Corporation which holds a 16.5 per cent interest in the company.

Who holds the shares

With sales of over Rs.700 crore last year, Mahindra & Mahindra (M&M), the tractor, jeep and truck manufacturer, is among the ten largest industrial giants in the country. It also has considerable stake in highly regarded companies like Mahindra Ugine Steel Company (MUSCO), Dr. Beck, Vickers Systems, Remington Rand, Mahindra Spicer etc, which together chalked up another Rs.300 crore in turnover last year. M&M itself has a small capital base of Rs.19.3 crore, 46.5 per cent of which is held by the institutions and 14.5 per cent by its foreign collaborators, the American Chrysler and Navistar. The Mahindra family has less than 5 per cent of the shares while the rest is held by the public.

The object of Keshub Mahindra's apprehension when he met Dave and Chidambar was a man he himself inducted on to the company board in October last year — Satish Malhotra of the Bombay-based Empire group of companies. Malhotra's son, Ranjit, is married to Mahindra's eldest daughter, Uma, and he was brought in as part of Mahindra's plan to consolidate the family holding in the company. Another reason for this, Mahindra told *Business India* was that at the time "M&M was thinking of diversifying into glass and it could well use Malhotra's expertise in the field."

Satish Malhotra is an industrialist in his own right. Married to the wealthy former maharani of Indore, Usharaje, he began his career as an officer in the Indian Navy and then moved on to join Killick Nixon in one of their then textile mills — Kohinoor — in Bombay. He ventured out on his own in the mid-sixties by buying Empire Dyeing, the Bombay-based textile process house, and the glass manufacturer, Vitrum Glass. His group, which includes these successful companies, reportedly has an annual turnover of around Rs.100 crore.



The M&M plant: object of takeover bid

When Malhotra was inducted on to the M&M board he was permitted to buy a total of 6,550 shares. But later, when the company floated its Rs.84-crore debenture issue this February he was, as part of the Mahindra consolidation plan, allowed to buy the renounced rights of Mahindra's US collaborators. This holding after conversion next year would account for 4.2 per cent of the company's enhanced share capital.

Malhotra makes his move

This is reportedly where the story gets complicated. Nobody will go on record and the exact sequence of events is not entirely clear. But it appears that Malhotra did not stick to what he was asked to buy by the M&M board and Mahindra. According to sources, some time in the last few weeks he told Mahindra that he had acquired another 6 per cent of the company's equity from the market. He sought to be made vice-chairman of the company and wanted son Ranjit to be inducted on the board as well. Mahindra not only saw his own plan for consolidating his family holding coming apart, but Malhotra was now making demands that would have made him the second most powerful man in M&M after Mahindra himself.

Mahindra, sources say, told Malhotra in no uncertain terms that there was no way his demands were going to be met, and asked him to sell off whatever shares he had picked up in the market immediately. Hence his visit to Dave and Chidambar to seek their support, which was promptly given.

When contacted, however, Malhotra refused to talk on any specific aspect of this imbroglio including his exact holdings in the company and his request to be made vice-chairman of M&M. All he said was: "There is no controversy of any kind and I don't see why one has been created. Only the board of the company has the right to make decisions and I am perfectly in line with what Keshub has had to say. We are fully behind the chairman and whatever shares I own are at his disposal. And whatever statements have to be made on any of these issues will have to come from Mr. Mahindra himself."

But clearly, there is more to the story than meets the eye. This drama, which is peppered with several curious twists and turns, started about a year ago. For years, ever since the Swraj Paul days, M&M has been the object of take-over speculations in the newspapers. Names ranging from Paul to Ambani and the Hindujas have all been batted around as being interested in the company. Also, because of the small family holding in the equity it seemed a natural soft target. It was probably after the L&T takeover by the Ambanis that the Mahindras seriously thought about ways to consolidate their holding in the company.

Keshub Mahindra: financial institutions' support assured

Consolidate and rule

Consequently, MUSCO bought as many as 230,000 M&M shares from the market last year, according to their balance sheet for 1989-90. Then in October, Anand Mahindra, the deputy managing director of MUSCO and Keshub Mahindra's nephew, was inducted on to the board of M&M. Also inducted at the same time was Malhotra. After the debenture conversion MUSCO's holding would rise to 6.9 per cent. As Keshub Mahindra saw it this would eventually have increased his 'family' holding in the company substantially, thus making it immune from any future takeover attempt. But this consolidation strategy did not work out the way he wanted.

The debenture issue as planned will dramatically change the shareholding pattern of the company. The financial institutions' share will go down to 40.1 per cent, MUSCO will see its share going up from 1.6 per cent to 6.9 per cent, Chrysler and Navistar will have their total holding of 14.5 per cent go down to 7.6 per cent. Meanwhile two new entrants Peugeot — M&M's latest collaborator — will get 4.8 per cent of the shares, and IFC, Washington — which is investing heavily in the company's expansion — will hold 5.5 per cent.

Two days after the debenture issue was approved at an EGM of the company in Bombay, on 18 April this year, *The Economic Times* front-paged a news item: 'Succession line clear — Malhotras acquire 13 per cent stake in M&M'. Quoting informed sources it said that the Malhotras and their "NRI associates have already picked up 13 per cent stake in M&M and are slated to increase their interest to over 15 per cent before long." It went on to say that the Malhotras have emerged as the "largest single non-institutional shareholder in M&M" and that "they are likely to have an increasing say in the management of the company".

The financial institutions, it said, had "blessed the entry of the Malhotras in M&M", and that "Ranjit Malhotra is expected to be co-opted on the M&M board shortly". Most significantly, the article said, "A few months ago, along with Mr. Satish Malhotra, Mr. Anand Mahindra, son of Mr. Harish Mahindra (cousin of Keshub Mahindra) was also co-opted on the board of M&M. This has led to speculation as to which of these new entrants on the board will get eventual control of the M&M group. However, it has been put to rest and there is little doubt that Mr. Satish Malhotra would emerge as Keshub's successor."

Anand Mahindra: acceptable successor

The article raised eyebrows on several counts. According to it, Malhotra's brothers, J.C. and Ashok Malhotra — both NRIs — have acquired "the right to purchase the 3.5 per cent stake in M&M held by Navistar Inc." Mahindra executives question how this deal could have been struck when both the Reserve Bank of India and the company board have not been informed as yet. It also stated that Malhotra and his associates had acquired one million equity shares from the market, which was contrary to the initial plan according to which he would only get the debenture renunciation.

It talked about 57-year-old Malhotra succeeding the 66-year-old Mahindra and, implicitly, getting an increasing say in the management. This too was contrary to what Mahindra had told his board before Malhotra was inducted — that the latter would not have any say in the management of the company and was being brought in only as part of the family investment strategy.

Moreover, on the question of succession, Mahindra had never explicitly said that nephew Anand Mahindra would succeed him (he has no son and three daughters; some observers have therefore interpreted Malhotra's induction as a means of giving his daughters a say in the company in future). But in his guarded statements to the press, Mahindra implied that the Harvard-educated son of his cousin Harish Mahindra would eventually take over. This course of succession was widely known to be acceptable to senior M&M executives.

Who's who at M&M

In fact, as per the original plans, Anand is to move to the M&M headquarters to become executive director and train under R.K. Pitamber, the current deputy managing director. Pitamber will move up at the same time as managing director in place of the current incumbent, B.R. Sule, who is slated to become vice-chairman of the company. When asked to comment on the issue Malhotra says, "Whatever the writer has said about the succession issue is his own inference; I can't say anything about it."

Shareholding pattern after conversion of convertible debentures/bonds

Name of the shareholders	Shares Present (16.4.1990)	%	After conversion	%
LIC	31,90,330	46.5	50,24,768	40.1
UTI	35,32,443		59,66,565	
IDBI	150		224	
GIC & subsidiaries	22,52,110		35,44,790	
IFC	—	—	19,87,312	5.5
Malhotras	6,550	—	15,00,000	4.2
Chrysler	15,48,146	8.1	15,48,146	4.2
Dana Corporation	68,750	0.4	1,03,124	0.3
Navistar	12,33,332	6.4	12,33,332	3.4
Peugeot	—	—	17,28,098	4.8
Musco	3,02,894	1.6	24,83,906	6.9
Komaf	1,02,770	0.5	1,73,220	0.5
Employees	—	—	1,70,000	0.5
Others	70,26,571	36.5	1,07,50,109	29.66
	1,92,64,046	100.00	3,62,13,594	100.00

The succession story also raised the question of why Mahindra would favour only his eldest daughter Uma, her husband Ranjit and her father-in-law Satish Malhotra. His other daughters are also married. The second, Leena, is married to Sanjay Labroo, executive vice-president of Asahi India Glass and the son of the wealthy Delhi businessman and industrialist B.M. Labroo.

The Economic Times article sparked off a flurry of activity in M&M. Executives were put on the job to find out whether Malhotra had actually bought these shares from the market. Though no large block of shares had changed hands in the last few months, the possibility of the shares being bought in small numbers was not ruled out. Sources say that in the absence of any denial from the Malhotras about the story, there was general apprehension, at least at the senior management level, about a takeover and the future of the company. "This company has always been a professionally managed one, and we began wondering about which direction we were headed in," said one.

Three days after the article, on 21 April, Keshub Mahindra issued a rejoinder, which was also frontpaged by *The Economic Times*. He said: "It is true that in line with the intention of the promoters to increase their holding in M&M, the companies belonging to the Malhotras, keeping in mind the relationship between Keshub Mahindra and Satish Malhotra, will have a shareholding of some size after the conversion of debentures into equity. This shareholding will be 4.2 per cent taking into account the present share structure. The company, its subsidiaries and associates will continue to be managed by professionals responsible to their board as they always have been."

A week later, curiously, Mahindra sent another letter to the same paper, which was carried in the letters column. This time he said, "The unnecessary controversy over my succession that has been raised saddens me, for many a time in search of news, journalists tend to give certain slants to their stories which do irreparable damage. I do not quite understand the need for this controversy. Let me repeat with great emphasis that I have no intention whatsoever of retiring — unless the Good Lord decrees otherwise."

"When the need arises," the letter continued, "My successor will be elected by the board of the company, and in line with our practice, this selection will be based entirely on the integrity, loyalty and the competence of the individual. We are a group of professionally managed companies and we take great pride in our contribution to the development of professional cadres. We have provided our people opportunities and they have in turn responded with integrity, loyalty and competence. This is the basic creed of our companies and it will continue to be so."

Malhotra's fencing

But many who thought that the issue had died out with Mahindra's rejoinders were in for a surprise in early June, when *Business World* carried a story saying: "The heir-apparent at Mahindra & Mahindra is an individual cast in the all-American corporate hero mould — the youthful and energetic Satish Malhotra." In the article itself Malhotra did not deny the writer's claim and was quoted as saying, "I have nothing to say in this matter. I am on the board of M&M and on this, as on other issues, the board is unanimously behind the chairman, who is abroad at the moment."

And when chairman Mahindra came back from England three weeks ago, a fresh flurry of activity began at M&M. This apparently was when Malhotra asked to be made vice-chairman and for the induction of his son on to the M&M board. On 29 June, at his weekly lunch with senior executives at M&M's Gateway Building headquarters in south Bombay, Mahindra for the first time revealed to them his conversations with Malhotra and what he thought his intentions were.

All through the following week parleys between Mahindra and Malhotra focussed on how the mess could be sorted out. As we go to press, the speculation is that they are moving towards one of two alternatives: Malhotra divesting his holdings, or stepping down from the board in favour of his son, Ranjit. Whatever the option, it does look like the four-month-old controversy will finally come to an end.

■ N. RADHAKRISHNAN

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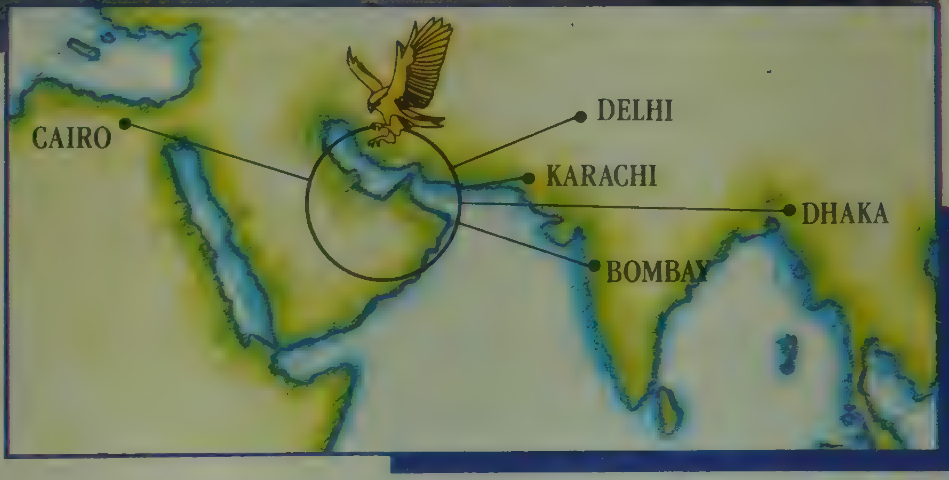

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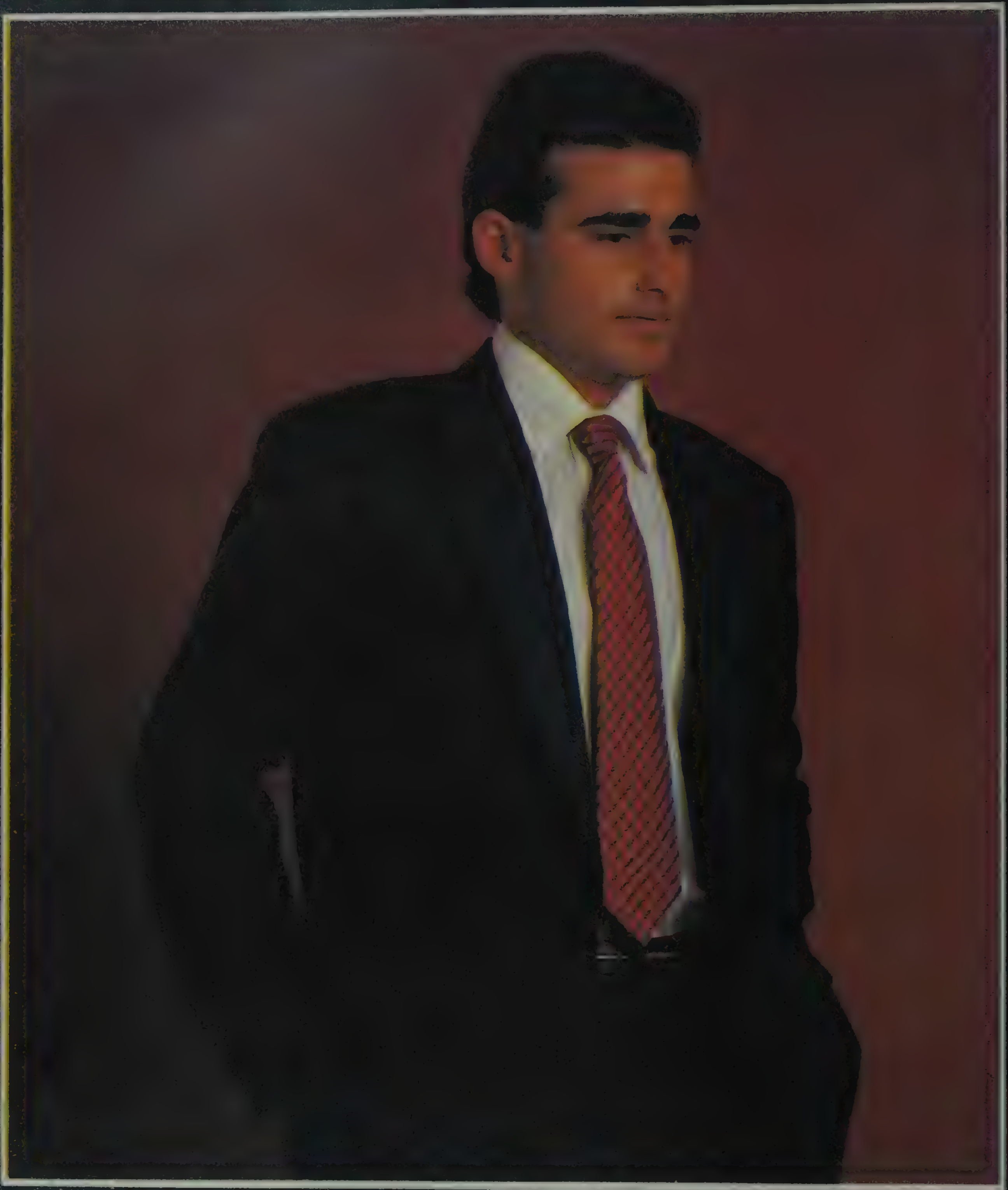

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J.N. Sapru, Chairman, I.T.C. Limited
Address to Shareholders, June 1989

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INDIA GLYCOLS

Priced out

The company's much trumpeted launch and its subsequent failure to make any impact is yet another instance of Indian companies not being insulated against happenings abroad

He is often referred to as K.K. Birla's son-in-law, yet Shyam Bhartia also has an identity of his own: managing director of the highly successful family controlled Vam Organics Ltd (VOL), producer of vinyl acetate monomer and its various intermediaries. For the year ended 31 March 1990, the company made a gross profit of Rs.13.4 crore on sales of Rs.64.90 crore. So, when Bhartia promoted the Rs.87.5 crore India Glycols Ltd (IGL) in July 1988, over 100,000 shareholders perceived his new company as another potential blue chip and the issue was oversubscribed 11 times. Among them were many VOL shareholders who got a chance to invest in IGL through a special issue. The scrip (face value Rs.10) touched Rs.35 by mid-September and by the end of the month had reached Rs.60.

Investors had good reasons for reposing such confidence in this virgin project, which was set up to manufacture 20,000 tonnes per annum (tpa) of mono-ethylene glycol (MEG). The technical collaborator was Scientific Design Co Inc of the US, a pioneer and leader in this field with over 40 years' experience. Located at Kashipur in Nainital district of Uttar Pradesh, IGL was the only plant in north India producing MEG, mainly used in the manufacture of polyester synthetic fibres (PSF), polyester filament yarn (PFY), polyester films, explosives, anti-freezing agents and coolants for automobiles.

The sugar factor

IGL's raw material, molasses, was easily available in the rich sugarcane belt nearby. At the time, around 25 per cent of all the MEG produced in the country was consumed in north India. "In our very first year of production, we shall reach a turnover of Rs.140 crore and earn a profit of Rs.35 crore," an enthusiastic Bhartia had predicted confidently. By the time IGL was supposed to start production at the end of 1988, the landed price of imported MEG had touched an all-time high of Rs.48,570 per tonne, a price which Bhartia decided to exploit.

In fact, so confident was Bhartia of making a splash that he priced his company's MEG at a price higher than that of IPCL and NOCIL, the two other manufacturers of this scarce material. At that time, 65 per cent of the country's requirement of MEG was being met by imports. Where imported MEG cost Rs.39,190 per tonne, IGL had priced its product at Rs.35,850 per tonne. IPCL and NOCIL were selling it lower, at Rs.27,500 per tonne, partly on the government's advice and partly because of their own long term pricing policies.

India Glycol's plant: running at one-third capacity

Then began the problems. First, the six-month delay in the production start-up schedule raised the project cost by Rs.15 crore over the earlier estimate of Rs.87.5 crore. Second, the upsurge in the MEG industry had declined by then. Before IGL could assert itself, the international price of MEG fell steeply. The company's small volumes had not allowed it to benefit fully from the high prices and teething trouble had forced a month-long shut down at the company's Kashipur plant in October-November 1989. The biggest slump in the international price of MEG — a fall of nearly $50 a day all through November 1989 — only compounded the problems. With the landed price of imported MEG in India crashing to Rs.18,000 a tonne the same month, IGL had to cut its price to the IPCL and NOCIL level.

Prices crash

The resumption of MEG production in some major petrochemical plants in Europe and the US, which had either suffered accidents earlier or had been mothballed, raised world output. This brought prices down to their 1987 level — $600 to 650 per tonne — by the end of 1989 (they had been as high as $2,000 per tonne in end-1988).

With international prices showing no signs of bottoming out, IGL pinned its hopes on the budget. The company aggressively lobbied for an increase in the import duty on MEG from 90 per cent to 190 or 200 per cent and even for putting the item on the restricted list. It also sent out signals to users that if they did not buy from IGL, they stood to lose after the budget. This move backfired: it pushed users into panic buying from foreign suppliers at rates below $400 a tonne. Though IGL's production stabilised at about 1,000 tonnes per month from January onwards, buyers continued stocking cheap imported MEG for another four months.

Polyester staple fibre (PSF) manufacturers in turn lobbied against higher duty, arguing that the industry was operating at merely 35 to 40 per cent of capacity primarily because of high input prices. The government's compromise — hiking the import duty on MEG to 150 per cent — did not help IGL much because even at 150 per cent duty, imported MEG was still one-third cheaper than the local product. While the government had based its cal-

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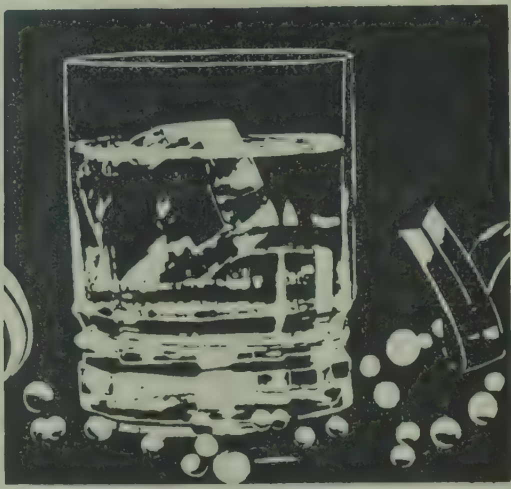
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culation on a price of $450 a tonne, according to the department of chemicals and petrochemicals, the price had fallen below $400 a tonne by budget time.

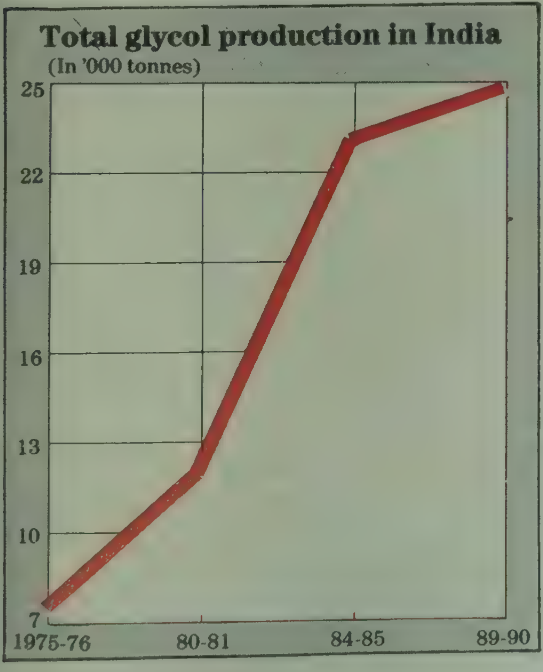
In April, IPCL and NOCIL slashed their prices from Rs.27,500 to Rs.22,000 per tonne. This galvanised IGL into circulating an informal quotation of Rs.24,600 per tonne in the market. The new price — an average between the existing price and the international price — found no takers and IGL was forced to formally bring it down to Rs.23,000, on par with IPCL and NOCIL (whose price includes 4 per cent sales tax on the base price of Rs.22,000).

Even then, the company has not been able to clear its unsold stocks, though orders have started trickling in. "Users have already built up stocks of imported MEG, which will last another four to five months. Unless the international price goes up substantially, there is little likelihood of their buying from us," says IGL president S. Ganesh. According to a senior marketing officer at IPCL, there is a glut in the MEG market and the public sector giant is operating below installed capacity.

Bad timing

IGL's entry was therefore a clear case of bad timing. But M.S. Patwardhan of NOCIL points out that the choice of their raw material could also have led to some problems. "Anything connected with sugar becomes a political issue," he says.

What made the price of imported MEG touch rock-bottom? The dumping of stocks in India by Sabic and Mobil, both Saudi Arabian companies, says Ganesh. "Things would not have been so bad if imported MEG was priced on par with prices prevailing in the US and Europe (about $600 to 650 a tonne), instead of at rates around $350 to 360 a tonne," he adds. Recalling that the international price of MEG has never been lower than that of ethylene (of which 0.61 tonne goes into each tonne of MEG), he points out that the present price of ethylene in the US is $500 and that of MEG is over $600. "The Saudis are clearly selling MEG below the international prices to India," complains Ganesh. Adds Bhartia, "The offtake has been bad due to dumping by the Saudi Arabian suppliers."


Total glycol production in India
(In '000 tonnes)

However, Kamal Tandon, president of East-West Trading Company which represents Sabic in India, claims that IGL's accusations are baseless. "Sabic cannot afford to sell MEG cheaper to India because the others will also demand the same prices," he says. "Besides, the Indian imports — about 40,000 tonnes per annum — form only a small proportion of Sabic's MEG capacity of 500,000 tonnes per year." He also refutes Ganesh's claim that international prices of MEG are $600 to 650 per tonne. "That was the price over six months ago. Now it is around $430 to 440," he contends. But he concedes that fluctuations did cause the price at which MEG was sold to India to fall below $400 for a while and that some users bought it for $380 a tonne.

Bhartia: dumping is a problem

Buyers' opinions also vary. One PSF manufacturer, who has been buying from Sabic on a long-term basis, and from IGL in small quantities, does not agree that Sabic has been dumping MEG. "Nobody bought at $350 to 360 here, not even Reliance, the largest importer," he says.

Another PSF manufacturer, however, admits to having bought Saudi MEG for $350 a tonne. The chairman of the Central Board of Excise and Customs has also said that Sabic has sold MEG in India at discriminatory rates. Apparently, shrinking demand in Korea and Taiwan forced the Saudi companies to divert their goods to India.

After the budget was announced, IGL sought yet another hike in the import duty in addition to placement of MEG on the restricted list. The government refused to oblige, because even after taking into account the Maharashtra Gas Cracker Complex's (MGCC) likely production of 30,000 tonnes of MEG in 1990-91, there will still be a supply shortfall of over 50,000 tonnes in the country. And Bhartia has not given up. "We have got to have an ongoing dialogue with the authorities on this issue as it matters not only to our company but also to the exchequer since continuous dumping is bound to affect customs collection."

Taking note of IGL's plea that its costs are higher since it is a new plant, the department of chemicals and petrochemicals has asked the Bureau of Industrial Cost and Prices (BICP) to recommend a fair pricing formula. The BICP report on the matter is likely to be ready by this August and may help IGL pull itself out of the sticky situation.

Meanwhile, chances are that with the imminent increase of indigenous production, shortages will ease. Says Patwardhan, "Once the other projects go on stream, imports could be less." Besides MGCC, Reliance, J.K. Synthetics and SM Dyechem will also enter the MEG field in a couple of years, and IGL itself is expanding capacity to 60,000 tpa. Ganesh is hoping that IGL's baptism by fire will equip it to handle the price war that is bound to break out amongst indigenous manufacturers of MEG two years hence.

But till that happens, IGL's shareholders will continue to regret the fact that they shared Bhartia's confidence. The promoter claims that his company is breaking even and that it is even making a small profit. Yet, in the last four months IGL's plant has run at only one-third its capacity. A price war, over which it had absolutely no control, has quietly snuffed out what could have been an interesting project.

■ FEROZ AHMED and RAJU BIST

200 EMPLOYEES WALK OUT OF BOMBAY OIL.

What's more startling is that all 200 of them are joining a new company called Marico. How did this happen? And why?

Bombay Oil has formed a new company — Marico Industries. And their entire Consumer Products Division of 200 people now works for Marico.

Mr. Mariwala, one of the board members, clarified an important issue. "Marico is a wholly owned 100% subsidiary of Bombay Oil. The Board of Directors for both remains the same."

Why is a totally new company being formed? "The idea is to give a new thrust to the consumer products business. As a company, Marico will have greater autonomy than before. So it can independently make business decisions."

Mr. Arun Kaul, the ex-Marketing Manager of Bombay Oil, now the Marketing Manager of Marico, was jubilant: "This is a great way to start a new company! With brands that are already leaders — Saffola and Parachute. Saffola is known for the marketing history it made with its 'good-for-the-heart' safflower (kardi) oil. The other brand, Parachute, has breakthroughs to its credit too. It's the first strong brand in what was till recently a commodity market. And it enjoys a strong consumer franchise."

Another advantage Marico has is the readymade strengths of its parent company. Like the distribution network of 2 lakh retail outlets and 1200 distributors. Financially, it is as good as any blue chip company. It has a turnover of nearly Rs. 100 crores. Sales have grown at 25% per annum over the last 4 years (compounded growth rate).

What are Marico's future plans? Mr. Mariwala admitted a lot of changes were in the offing. "We've just acquired additional manufacturing facilities. We're opening an R & D centre in Bombay for product and packaging development. Launching Sweekar Refined Sunflower Oil nationally. And moving to an office in a new location in Bombay!

"An entire line of activity will get more prominence now: new products. Within the next year, we will be introducing two new products." Mr. Mariwala was tight-lipped about Marico's new product plans. "It's likely to be in the range of consumer goods," he said, and laughed.

'A deliberate, planned move,' says insider.

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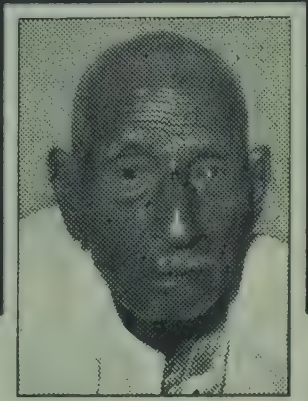

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ORIENTAL CONTAINERS LTD

Cautious diversification

This low profile company has survived the mid-eighties crisis in its industry segment through its pragmatic approach to operations.

Rajendra Somani drives a fast Audi 80 but is otherwise low profile. He prefers consolidating his company, Oriental Containers Limited (OCL), rather than attracting media hounds with ritual "press conferences followed by cocktails and dinner". Controlling a diverse Rs.28-crore empire from his office at Worli in Bombay, Somani is a cautious man who moves on to the next project only after earlier ones stabilise. And his pragmatic approach is not without results.

OCL's turnover, which was Rs.10.53 crore in 1984, has steadily increased to Rs.28.76 crore in 1990. In the next two years the turnover will increase by about Rs.9 crore when the new projects bring in returns. By any standards, this is a good performance. After the crisis that affected the metal container industry in 1986-88, several other units either closed down or are only now stabilising.

How did OCL not only survive but also make profits in 1986-88, when diminishing demand and a steep hike in raw material prices, high excise duty and the depreciating rupee precipitated a crisis? When manufacturers rushed into the depleted market, OCL retreated. Says Somani, "When prices were not remunerative we went in for selective production." The company opted for per unit realisation rather than volumes at unremunerative prices. Thus, even though capacity utilisation in the metal container division went down to 52 per cent, it broke even.

Filling the gap

Subsequently, when many units were wiped out, OCL strengthened its position. "The demand for metal containers went up and OCL filled the gap," recalls Somani. Among the companies which use OCL's containers are HP, BPCL, IOC, Searle, Hoechst (India) and Garware.

OCL, which became a public limited company in 1970, was promoted by G.D. and S.K. Somani, who control Parijat enterprises. While primarily manufacturing metal containers, the company laid stress on diversification after Rajendra Somani, S.K.'s son, took over. In 1971, OCL diversified into two-colour printing for metal containers and modernised its assembly line. Next year the company began making pilfer-proof caps. The next diversification came more than a decade later, in 1983, into the area of collapsible tubes. It has now entered petrochemicals. The company has units in the city, and Murbad and Khopoli in interior Maharashtra.

It is diversification that has helped OCL through its crises. "We want every unit to be independent," Somani says. Even if one division did badly the others made up and the company as a whole made profits.

OCL's diversification into collapsible aluminium tubes and pilfer-proof caps was a good move. When the metal container industry was in the doldrums, this division provided steady profits. Says a competitor, "Collapsible tubes have a good profit margin." Among the end users of OCL's collapsible tubes are Colgate-Palmolive, Promise, Cibaca, Boots, Glaxo and Roussel. Competitors, however, point out that in future there will be a shift from aluminium to plastic and laminated tubes. They add that unless OCL adapts, it will suffer setbacks.

As a substitute for crown corks, OCL has developed a new product — Aluseal. Aluseal is a light aluminium tear-open bottle cap and can be used for all reusable or throwaway glass and plastic bottles, says Somani. The product is expected to be launched by October this year. Says OCL's company secretary, B.K. Toshniwal, "If our plant's capacity is utilised at 85 per cent, it will add Rs.6 crore to our turnover." Soft drink manufacturers point out that Aluseal cannot bear as much pressure as crown corks can. However, for fruit juices and sauces, Aluseal will have an advantage.

Somani: selective production

Import substitute

Near Khopoli, 80 km from Bombay, OGL has set up a petrochemical plant at a cost of Rs 4.75 crore to manufacture specialty solvents. Commercial production will begin this October. The product is a 100 per cent import substitute and the end user will be the petrochemical industry. Somani calculates that the project will add Rs.3 crore to the turnover.

Surprisingly, despite its performance and expected returns, OCL's share price recently tumbled from Rs.125 to Rs.75, even after it paid a dividend of 35 per cent in 1988-89. The lacklustre results for March 1990, on account of the increased interest burden from the petrochemical project, which was financed by term loans and internal accruals, is the most likely cause.

On an average, 30 per cent of the company's operating profit is paid towards interest on loans taken for working capital. If the company can bring down the interest burden, its operating profit will show a corresponding improvement. Says Toshniwal, "We are aware of the high price we pay for money and very soon will go in for convertible or non-convertible debentures."

OCL's small equity base of Rs.1.2 crore has been responsible for the healthy cash accruals — over Rs.6.69 crore — with cash earnings per share always above face value. A strong financial position, along with the petrochem and Aluseal projects stabilising, are bound to show profits in the next couple of years. As for metal containers, the formation of the food processing industry ministry will provide a fillip. The company absorbed the shocks that crippled the metal container industry, and when the situation turns brighter, OCL will only do better.

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GEORGE ALBERT
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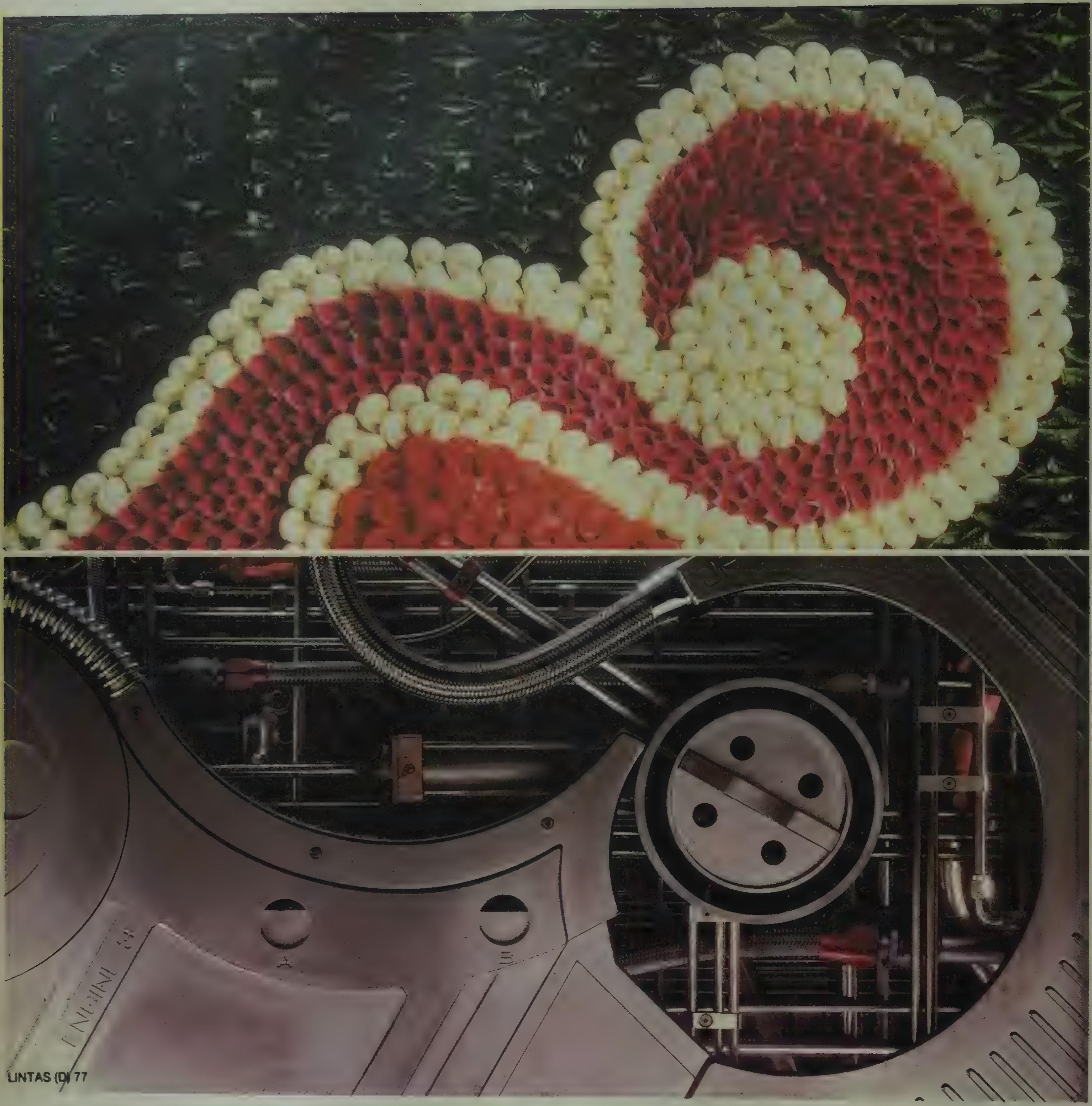

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SHIPPING

The tide turns

After a six-year depression, the fortunes of the Indian shipping industry seem to have undergone a favourable change. The government is assisting companies to get their finances in order and with the establishment of the SCICI, professional bankers are once again evaluating the credit risk of shipping companies

Investors in shipping company shares are jubilant. Many companies are limping into harbour, but they have had to trim their fleets, strip some of their assets and order their staff to walk the plank. Though some have made cash profits this year, they have yet to wipe out their accumulated losses. Others will have to be rehabilitated before they can set sail again.

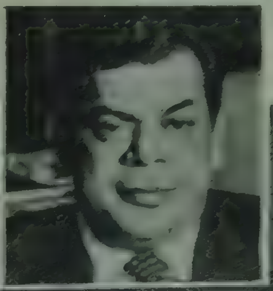
"On the whole, the tonnage that was scrapped exceeded that which was acquired," says S.N. Ruia, president of the Indian National Shipowners' Association (INSA) and chairman of Essar Shipping Ltd. The country now has a truncated merchant fleet when increasing volumes of cargo are turning the freight market buoyant.

In December last year, the country possessed a total fleet of 5.59 million gross registered tonnes (grt) — 10.7 per cent lower than the 6.36 million grt it had at the end of the Sixth Plan period and short of the Seventh Plan target by 1.92 million grt.

Scrapping excess tonnage was a global trend in the industry. World tonnage declined by 3.6 per cent between 1984 and 1988 when shipowners found they could no longer operate their fleets profitably with the prevailing low freight rates. New ships ordered during the booming seventies were launched in the early eighties when the Iran-Iraq war, a slump in oil prices and protectionist policies of the developed countries began to push down the volume of seaborne trade. Overage vessels had to be scrapped or sold second-hand. Decline in demand also pushed down the prices of scrap, and second-hand as well as new ships.

The companies that were worst affected were those operating oil tankers. The tonnage of these vessels declined sharply from 175 million grt in 1980 to 124 million grt in 1989. On the other hand, the tonnage of bulk carriers increased from 83 million grt to 110 million grt during this period.

In contrast, Indian shipping companies like India Steamship Co and Damodar Bulk Carriers, which have traditionally operated bulk carriers and liner vessels, were badly affected during the recession. Those like Essar and Great Eastern Shipping, which operated diverse fleets — both oil tankers and specialised ships with tied up charters — fared well, according to S.K. Bhatia, deputy general manager, India Steamship.



S.N. Ruia: "Big potential"

An ocean liner: badly affected during recession

Many companies that acquired new ships in the early eighties with finance from international institutions at high interest rates also suffered. They were allowed liberal debt-equity ratios of 6:1 or more, when a 4:1 ratio would have been wiser. Higher depreciation charged on the new ships also showed in their financial results. During the recession, these companies were caught in a bind of heavy loan repayments and decreasing freight earnings. On the other hand, companies with old fleets had low interest burdens and depreciation charges. But these benefits were often negated by the high repairs and maintenance costs.

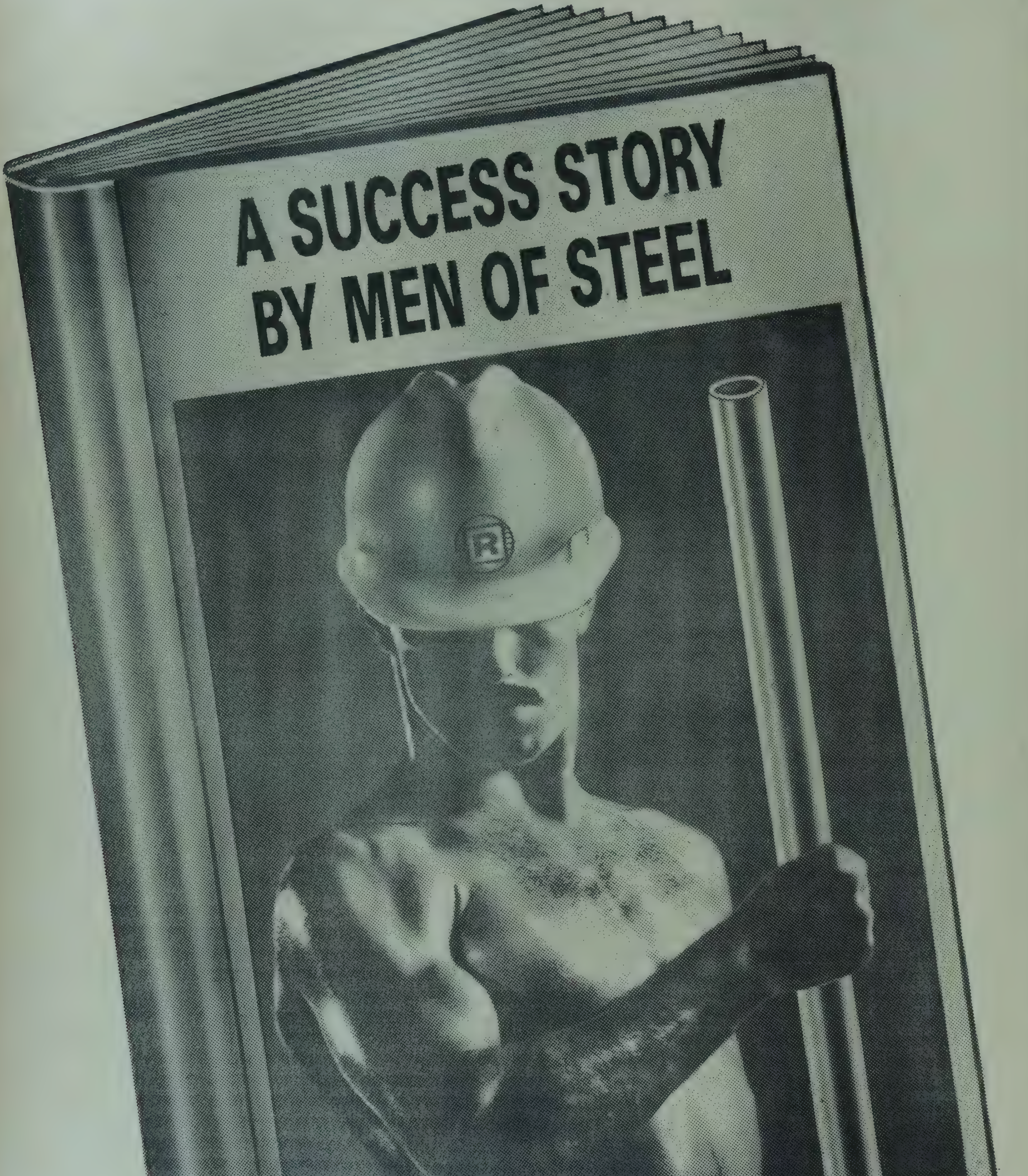
Costs kept down

Companies like Essar and Great Eastern fared well despite acquiring ships because they kept operating costs down, maintained a prudent debt-equity ratio, judiciously chartered out some vessels and strategically sold old and unemployed bottoms while acquiring others that could earn them better profits.

Despite bureaucratic indifference Great Eastern acquired 20 ships in the last five years — during the recession. According to Vasant Sheth, the company's chairman, all these have tripled in value. The company's present fleet consists of more than 40 ships with a market value of about Rs. 550 crore though the written down value is around Rs. 250 crore.

While Great Eastern managed to acquire ships because of their strong equity base, most other companies in the industry could not, because of lack of funds. The financial outlay for ship acquisition in the Seventh Plan was a measly Rs. 670 crore, most of which went to Shipping Corporation of India (SCI) which owns more than half the tonnage of the country's fleet. Dwindling foreign exchange reserves also prevented the government from granting approvals for acquisition.

In the last couple of years, however, things have changed for the better. The Shipping Development Finance Corporation was abolished and the Shipping Credit and Investment Corporation of India (SCICI) established. The latter, according to Sheth, has a commercial approach to shipping and operates more


A SUCCESS STORY
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R

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further by 15 to 20 per cent in the next two or three years, making the target even more difficult to reach.

Incidentally, SCI alone has drawn up plans to require 4.13 million dwt at an estimated cost of nearly Rs.5,800 crore and according to shipowners, when it comes to government approvals for acquisition, this public sector colossus is in a privileged position.

Utopian target?

"The industry achieved a five year plan target for ship acquisition only in the Third Plan," says Ruia, "hence, the Eighth Plan target may appear utopian. But with the right approach to mobilise resources, we will be able to achieve it."

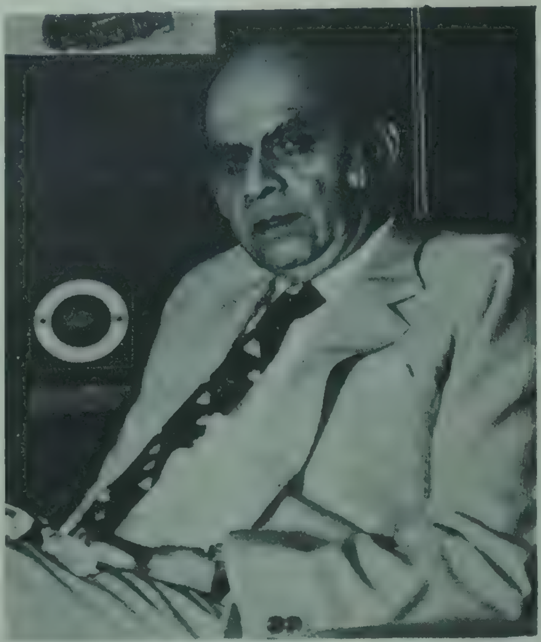
The industry, looks to the SCICI for finance. The corporation has drawn up a scheme for mobilising funds from different sources. The scheme, according to N.C. Singhal, chairman of SCICI, envisages that the companies raise at least 15 per cent of the equity through internal resources before going to the capital market for another 15 per cent.

"Raising money from the capital market has not been very difficult in the last two years. We have taken five companies to the market and all of them have got a good response. The investor is willing to buy high-risk, high-yield shares. And with the industry in a better position, it should be easier to raise the money now," says Singhal.

For the remaining 70 per cent of the required funds, the scheme envisages tapping three sources:

- Direct loans from SCICI
- Large companies with strong balance sheets to be allowed to raise loans and also issue bonds and raise equity from abroad
- Leasing (foreign leasing companies to be allowed to lease ships to strong Indian companies, which would require an amendment of the Merchant Shipping Act so that ships with foreign flags leased to Indian companies can be treated on a par with Indian ships).

The SCICI may also consider taking up equity in Indian companies and helping them obtain foreign exchange loans at the best available rates. "We will provide the companies with the necessary expertise in borrowing, raising equity and leasing," says Singhal. SCICI is also planning to tie up with a foreign company for cross-border leasing of ships, which has been done in India only in the case of planes for Indian Airlines. According to Singhal, manufacturers encourage leasing. "But this is a complex process involving three other parties — the bank or financial institution, a leasing company and the actual user," he says.



V. Sheth: "ships bought during recession have tripled in value"

Mobilisation of funds

Ruia is also confident that the shipping companies will be able to raise equity capital from the stockmarkets. Considering a 4:1 debt-equity ratio, the companies will have to raise an equity capital of Rs. 2,400 crore in the next five years — Rs. 480 crore a year. "This should not be difficult considering that the government expects the total mobilisation of funds from the capital market to be around Rs. 50,000 crore in the next five years," he says.

The remaining Rs. 9,600 crore, Ruia feels, will have to come from government loans at concessional rates of interest, foreign exchange loans through Exim bank and credit from shipbuilding yards. "In case the government is not receptive to this idea because of the severe foreign exchange crunch, it should at least subsidise the high interest rates that the companies would have to pay if they borrowed from the financial institutions on their own credit," he says. "The loss to the national exchequer on this score would be more than compensated by the increased foreign exchange earnings the industry would fetch."

The foreign exchange component of the Eighth Plan investment would be in the region of Rs. 5,000 crore while the Indian fleet is valued at Rs. 4,600 crore ($2.7 billion). Its networth, taking into account the foreign currency loans outstanding, is $1.35 billion. The foreign exchange outgo for chartering foreign ships at present is around Rs.450 crore a year, and is likely to double by the end of the current plan if steps are not taken to augment the Indian fleet.

According to a recent survey conducted by the SCICI, acquisition of ships from abroad comes through as one of the most liquid means of utilising our foreign exchange reserves. The country's external trade needs to be transported by sea, for which the country has to spend on freight in foreign currency unless it uses Indian ships. Moreover, some shipping companies earn foreign exchange as their ships are employed in cross trade.

Substantial surplus

Between 1984 and 1989, according to figures computed by INSA, the total foreign exchange earnings or savings of the industry was Rs. 6,014 crore while the total expenses incurred were Rs. 4,007 crore — a net surplus of Rs. 2,007 crore. And this was despite the depression. Last year alone, the industry earned Rs. 1,334 crore in foreign exchange with a net surplus of Rs. 672 crore. This year the surplus is expected to be around Rs. 800 crore.

"Shipping is the only industry in India which is truly international in character. Yet, unfortunately, it does not enjoy the special status of an export oriented unit," Ruia laments. "It should be granted the status it deserves and be given benefits like cash compensatory support for the net value added in foreign exchange," he adds.

The industry is also demanding a more liberal ship acquistion policy and wants the government to place the acquistion of other marine related equipment under the purview of the ministry of surface transport. This will give shipowners greater flexibility to choose their vessels, according to Ruia. Besides, the industry also wants the government to give income tax concessions to seafarers.

While the government needs to liberalise its policies with regard to shipping, Sheth feels that the industry must keenly watch four market factors — the prices of ships, the freight market, oil prices and exchange rates. Without this, it could come out of a long depression only to find its progress blocked and business opportunities lost.

■

ALOYSIUS FERNANDEZ
with LANCELOT JOSEPH

AGRICULTURE

Attempting the impossible?

The proposed new farm policy will benefit mainly the big farmers and not the vast number of small holders

With *kisan* power in full force in New Delhi for the last seven months, attempts are now being made by the National Front government to go beyond loan waivers and change the direction of farm policies.

In line with this, last fortnight Krishi Bhavan brought out — for the first time since Independence — a draft agricultural policy resolution (APR), charting out the broad thrust of policy initiatives of the government in this vital sector. The draft APR, which was discussed at a meeting of state agricultural secretaries, is now being considered by the Planning Commission and the officially constituted Sharad Joshi Committee on agricultural policies. After incorporating suggestions made by these two bodies, the draft policy will be considered by the committee of secretaries and then the union cabinet. Thereafter it will be presented to Parliament as a parallel to the Industrial Policy Resolution (1956).

In many ways the APR, in its present form, seeks to achieve the impossible. Though the average rate of growth of agriculture over the last four decades has only been around 2.6 per cent per annum, the APR targets a growth rate of 6 per cent per annum for the sector over the next five years.

Difficult proposition

Says Sharad Joshi, the well-known farmers' leader, who now holds a cabinet-position, "with the present approach to development, given that everything else remains the same, it is difficult to go beyond a 3 to 4 per cent growth rate per annum in agriculture."

Kamta Prasad, professor of economics at the Indian Institute of Public Administration (IIPA), holds a similar view: "At most a 3 per cent growth rate is feasible." Even the Planning Commission seems to have reservations on this target. Though Harswarup Singh, member (agriculture), Planning Commission, would not openly condemn the growth rate projected by the draft APR, he says: "We are trying to work out what sort of growth rate can be achieved in this sector."

Since the 6 per cent growth per annum now being planned by Krishi Bhavan is the rate which has been achieved in the last two decades only in the north-western belt of Punjab, Haryana and western UP, what is implicit in the target is the intention to take the Green Revolution to the rest of the country. Read with a document prepared in mid-June by the Planning Commission, 'Agriculture In Eighth Plan', which says that the Green Revolution should be extended to the 'green' areas of India (like eastern India), it is apparent that this indeed is the thrust of the government's policy.

However, experts say that this is a virtually impossible proposition, though their reasons are not the same. Says Prasad: "It is very difficult to take the Green Revolution to non-traditional areas like Bihar, West Bengal and Orissa. It would require massive investment in irrigation and power systems. Investment in power is for exploiting ground water resources for irrigation, but such investment in these areas has been very low. For instance Bihar, which has 10 per cent of the country's population, gets only 2 per cent of the total investment in power in the country. And I don't see how things will change overnight."

He adds: "Even in states with dry areas like Maharashtra and Karnataka, a breakthrough in agriculture is possible only by improving the water supply and high yielding varieties (HYVs) of crops grown in this area. And this is very difficult given the past records."

Situation difficult

Joshi also does not think the Green Revolution can be extended to the eastern states. "Replication of the Green Revolution technique in other states is difficult, not least because of the oil crunch, which makes it very costly to try and do so. Moreover, it is an illusion to think that the Green Revolution can be extended to eastern India just because these areas are green and water is available in abundance. The situation in these areas differs from that in the north-western states. In the latter a system of canal irrigation is available and there is no risk of floods. But in eastern India canal systems are not available and at times there is considerable flooding."

Joshi: "raising procurement prices benefits everybody"

Prasad says that the regions of eastern India, being lower riparian states, are at the mercy of an upper riparian state like UP which can control much of the initial courses of major rivers. Nor does there seem to be much hope for a breakthrough in other rainfed and dryland areas, which could take agricultural production upwards. Says M. Subramaniam, former union agriculture secretary: "There has been no technological breakthrough in dryland areas, nor do I see great prospects for this."

Harswarup Singh is however confident. He says: "We are aware of the problems in eastern India. We will try and overcome them: that is the purpose of planning. We are stressing water management for this region. In the Eighth Plan period, the development of rainfed and dryland areas is also receiving top priority. We will endeavour to deliver appropriate and acceptable technology to the farmers in the vast areas which have been neglected so far. We want to insulate agriculture in these areas from the vagaries of the monsoon."

Interestingly, the draft APR envisages a step-up in investment in the agriculture sector from the 21 per cent in the Seventh

Plan to 40 per cent over the next five years to achieve the 6 per cent growth per year. Since it is not possible to extend the Green Revolution to other parts of the country, is it possible by increased outlay to at least raise production in the traditional north-west region?

Plateau reached

"No", says B.M. Bhatia, a well-known farm economist, presently with the New Delhi-based Centre for Policy Research. "The plateau has been reached in these areas. Putting money in these areas will not deliver any results because a technological barrier is being encountered there. It is time to move away from these areas." Other experts are of the same view.

The draft APR has called for development of agriculture on business lines and continuance of the present system of subsidies and incentive pricing in order to make farmers produce more. "The success stories of wheat, rice, milk, cotton and oil seeds revolutions have shown that the farmer will adopt technology only when he sees profitable output prices and reasonable input prices," the draft policy resolution notes. It is also in favour of a review of the system of computing the cost of production for the farmer. Minimum wages should be included in the computation and also inflation from the date of announcement of support prices to the time of marketing.

This part of the policy receives support from Sharad Joshi. He says: "The farmer is a great improviser and innovator. Instead of emphasising infrastructure creation and technology development, stress should be given to remunerative pricing. The farmer is bound to respond to this and endeavour to raise production."

But others are skeptical. Says Bhatia: "You cannot have a policy of continually raising procurement prices and keeping input costs constant by subsidising them. It makes no sense." Comments a senior Planning Commission official, who is obviously not happy with the state of affairs: "This is a policy to favour the rich and middle farmers — those who have surpluses to sell in the market. It vitiates against the small and marginal farmers." He adds: "Wanting to include minimum wages in computations of agricultural prices is only a ploy. You actually do not pay minimum wages to workers, so your costs are lower than those computed on the basis of minimum wages. Since prices are on a cost plus basis, your profits tend to be higher. In fact over the last few months many states have gone on a minimum wage hike spree just to benefit big farmers."

More markets required

Subramaniam says: "If you want to benefit small farmers then create more markets and *mandis* and have more roads. Also think in terms of procuring at the doorstep of the farmer. This is nothing new and is done in the case of eggs and apples. Procuring only from markets benefits the traders who buy from farmers and sell to official agencies."

But Joshi answers: "Raising procurement prices benefits everybody. This is because the small farmer may not have a marketable surplus and is forced to market part of his produce. There is evidence to prove that even wages of agricultural labour rise with increases in agricultural prices, in fact, faster."

Meanwhile the draft APR is being faulted for leaving out one interesting aspect of pricing. Says T. K. Bhaumik, assistant secretary general, PHD Chamber of Commerce, "In a vast country like India how can you have a common agricultural price policy? To take into account different agro-climatic regions there must be a regional price policy. But the draft APR omits this."

Bhatia says: "This is only to apply the principle of comparative advantage. Differential pricing policies can be used to encourage cultivation of crops in areas they are suited to and vice versa. This will in the long run raise productivity and output. Presently nothing of this sort is happening. Thus Tamil Nadu and Andhra Pradesh may have a higher yield of groundnut than Gujarat, but there is a greater area under groundnut in Gujarat. Similarly, Bihar may be more suited for *arhar* cultivation, but the maximum area under the crop is in Uttar Pradesh."

Even Joshi thinks that there should be regional pricing policies, though in the long run he says "we must have a national agricultural price policy". But Harswarup Singh points out that a differential pricing policy is likely to cause administrative problems. "It would lead to movement of crops from regions where prices are low to where they are higher."

The draft resolution calls for development of farming on business lines

Land reforms

The question of land reforms is an emotive one in India. The draft policy has suggested that for the sake of equity in the agricultural sector, all land reform laws should be included in the Ninth Schedule of the Constitution, and that existing laws be reviewed to bring about a more equitable distribution of land and other resources.

But deputy prime minister Devi Lal, who has started speaking of urban land ceilings, makes it clear that the government will find it difficult to enforce land reforms. However, with the growing fragmentation of land, the whole body of thinking on this question has changed. Experts now speak more of consolidation of land holdings to prevent 'kitchen gardens' than of redistribution.

■ KINGSHUK NAG

PHONES

Is cellular the answer?

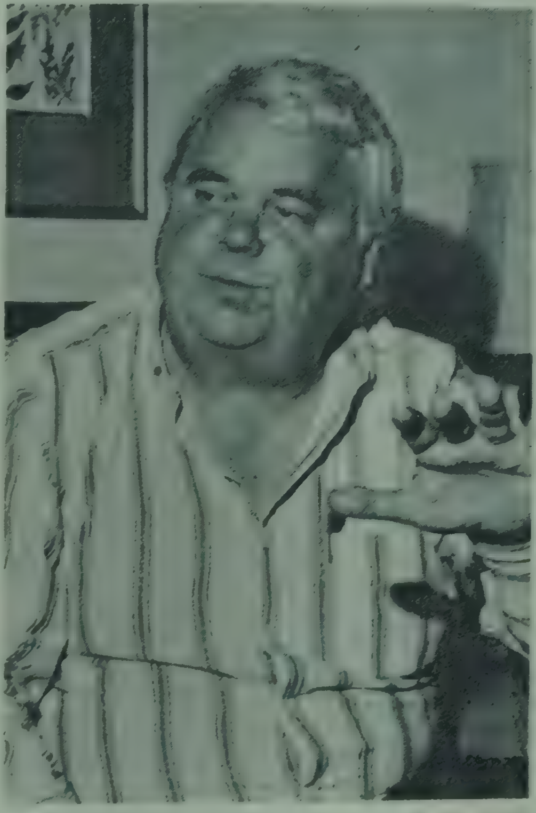
Last year when Bruce Lusignan, president of TransTech International (TTI), visited India at the invitation of Sam Pitroda, the chairman of Telecom Commission, he had reason to feel elated. There were indications that a tie-up between Lusignan's TTI and the Centre for Development of Telematics (C-DoT) would emerge for cellular technology transfer for developing four separate products to set up an urban/rural radio telephone system. TTI, a brainchild of Lusignan is a technology transfer company, and has been developing various telecom products for the US market since the last six years.

India was ready to choose the cellular option. But unfortunately, it never happened. Instead, Pitroda got embroiled in a controversy, and found most of his authority diluted. And Lusignan, who is also a well-known telecom expert from Stanford University, stayed at home.

Recently, however, Lusignan, was in the country again trying to recover ground. And in the face of dismal uncertainty in telecommunication circles, he was doing the next best thing — offering the attractive cellular technology package to various companies. By far technologically advanced and much less expensive than others available in the market, the range of products Lusignan is offering India include urban cellular car phones, rural telephones, cellular base stations and 30-channel PCM trunk radios. The companies he spoke to were Tata Telecom, Meltron, Gujarat Electronics Corporation Ltd. and Shyam Electronics of Delhi.

Competitive prices

Lusignan seems to be clear in his thinking. "We have the products ready for the US market, all that is required is adapting them to Indian conditions," he says. Since TTI keeps the proprietary rights on the design of the products it develops, it is in a position to offer extremely competitive prices to developing countries. "In the US market we not only cover the basic development cost, we also typically make 5-8 per cent royalty on their sales. For India, there will be no royalty payment involved," says Lusignan. He is also ready to have the engineers from the companies involved to work with TTI on the projects.



Lusignan: waiting for approvals

Lusignan is talking of providing the manufacturers here with what is well-accepted in developed countries — a cellular telephone system that uses low-powered transmitters to transfer calls from a public network and designated cellular network within specific areas. But with a difference — all the four products that Lusignan and his team plan to develop for India are specifically designed to work with the RAX and the MAX switches that C-DoT has developed.

In fact, the cellular base stations that will be developed will not only use the same circuits as used in car telephones, but in rural areas they will connect directly to RAX switches through trunking cards. The digital signal processor in the radio will be designed to use the RAX signalling, according to Lusignan. The urban and rural cellular phones will use the same digital processing cards, but the latter would be fixed on the wall instead of being carried. One of the manufacturers whom Lusignan met is extremely excited about the project. "Although the discussions were very preliminary in nature, the price at which these latest cellular technologies are available is simply fantastic," he says.

Today, the cost of providing a direct phone line to a subscriber is extremely high. Using present conventional technology to provide phones and maintain them calls for an investment of up to Rs.72,000 per line. Instead, cellular technology would provide the same access at almost one-tenth the price. According to a senior C-DoT official, if the project is commercialised the cost per telephone would be between Rs. 6,000-7,200. Even the cellular technologies offered by certain international telecom giants are extremely expensive. For example, whereas a car telephone costs $300 in the US, the same product is offered in China for $1,000. The price difference, therefore, is mind-boggling.

Specific proposals

The total project cost for the four identified products, which became a matter of controversy late last year with allegations that the project was already under way, is estimated at about $2.5 million. Lusignan says the development cost, if distributed amongst a number of licencees can come down dramatically. The various manufacturers Lusignan contacted have indicated interest in different products. Both Tata Telecom, GCEL as well as Meltron have "asked for specific proposals".

But the way the international cellular phone market is booming, there exists immense export potential too — not only to rupee trade countries but also to the US. Lusignan says it will be easy since the products will be based on internationally accepted standards. Moreover, he is ready to promote Indian products in the western market. Added to this, a 70 per cent indigenous component level will lead to attractive pricing. According to estimates, the US market alone will be valued at $715 million by next year, with a demand for 12 million cellular car phones.

Presently, the situation remains fluid. "We are waiting for approvals and there is no commitment of money," says Lusignan. Once the project is cleared, it will take between 18-24 months for commercial production to begin. But the manufacturers who were approached are wary. Whereas initially C-DoT was to absorb the cellular technology and pass it on to licencees, TTI now is trying to sell it directly to manufacturers. However, the transfer still remains the government's prerogative since the DoT will inevitably emerge as the largest buyer. Not only that, until manufacturers receive a clear signal, none want to put their cards in the wrong hand either.

■ RAHUL SHARMA

EXPOSURE LIMITS

The risks of risk management

Bad debts on their balance sheets are a routine risk for banks. Only when this risk extends beyond their capacity to absorb it does the situation become alarming. A bank's capacity to absorb bad debts depends on its capital base. To begin with, by international standards, the capital base of Indian banks is tiny. Moreover, it has been exposed to risks which are much in excess of their capital. Therefore, when the Reserve Bank of India (RBI) fixed the exposure limits for banks in March 1989, it came not a day late.

As per RBI stipulations, banks cannot lend more than 25 per cent of their capital funds to an individual borrower. This limit goes up to 50 per cent in the case of a group of borrowers. And non-fund limits are to be taken at 50 per cent of sanctioned limits.

"It is a step in the right direction," says P.K. Mitra, chief manager, industrial finance branch, Punjab National Bank. In these days of mega-projects, failures can be as colossal, thus banks' prudence while lending is justified. Even international banks, after the debacle of third world debts in the eighties, had the Basle Committee prescribe risk-weighted capital ratios. International banks are required to achieve a risk-based capital ratio of 7.25 per cent by 1990 and 8 per cent by 1992.

Fresh credit limits

According to the RBI stipulation, banks were to implement the limits for fresh credit limits with immediate effect and bring the existing credit facilities — which are in excess — back into stipulated limits within a year. Says D.K. Sinha, deputy general manager, State Bank of India, "We still maintain the same credit limits for our old accounts primarily because they have had exclusive relationships with the bank. Also, they continue to be good accounts." He hastens to add that the review of credit limits for all accounts is an on-going process and conscious efforts are made to prune the limits to comply with RBI's norms.

(Rs. in crore)

Bank	Capital & reserves	Loanable funds to individual borrowers	to groups of borrowers
SBI	956.7	239.2	478.4
BOI	223.8	56.0	111.9
Canara	343.9	86.0	172.0
IOB	138.4	34.6	69.2
Allahabad	74.6	18.7	37.3
20 nationalised banks	2,293.5	573.4	1,146.8

(Figures are for the year ended March 1989)

But the inescapable fact is that banks are applying the RBI norm to suit their convenience. While reluctance to share good accounts is understandable, banks do bend the new norms to their advantage. Whenever there is a request for enhancing the credit limits from even a slightly anaemic account, they reject it, citing the exposure limit. The RBI stipulation also comes in handy when banks want to resist undue pressures. A general manager of a large nationalised bank points out that because the exposure limit does not operate on sick accounts, banks have virtually "unlimited commitment" towards sick accounts.

No clear definition

Banks can continue to finance large accounts because even a year after the directive, the RBI has not defined a 'group'. In India, historical reasons have led to a group being defined according to MRTP limits or on the basis of family holdings. But, argues a senior banker, today even companies of the Tata or Birla group are no longer groups in that historical sense because most of these families have very nominal shares in these companies, which are professionally managed. The RBI is yet to clearly define a group, leaving it to individual banks which continue to finance the plum group accounts.

Foreign banks face greater ambiguity. "Which capital do we take, global or Indian?" asks a senior official in a leading foreign bank. On the basis of their present capital base in India, they can lend only paltry sums to an individual borrower, whereas with global capital, their capacity to finance increases manifold. But the issue has larger implications. Allowing foreign banks to infuse more capital into the country is a policy decision the RBI ought to take in view of the economic conditions in India. If it doesn't, foreign banks will have to be content with their small shares in accounts.

The problems of small capital bases afflicts public sector banks too; the capital of all nationalised banks in March 1989 was Rs.2,293.50 crore. The credit available to individual borrowers, therefore, is Rs.500 crore and to a group it is Rs.1,000 crore. Individual banks' shares will be much smaller (*see table*). The comparison between the total capital and industry's requirement is significant: total outstanding bank credit to medium and large industry was Rs.25,521 crore as of March 1988.

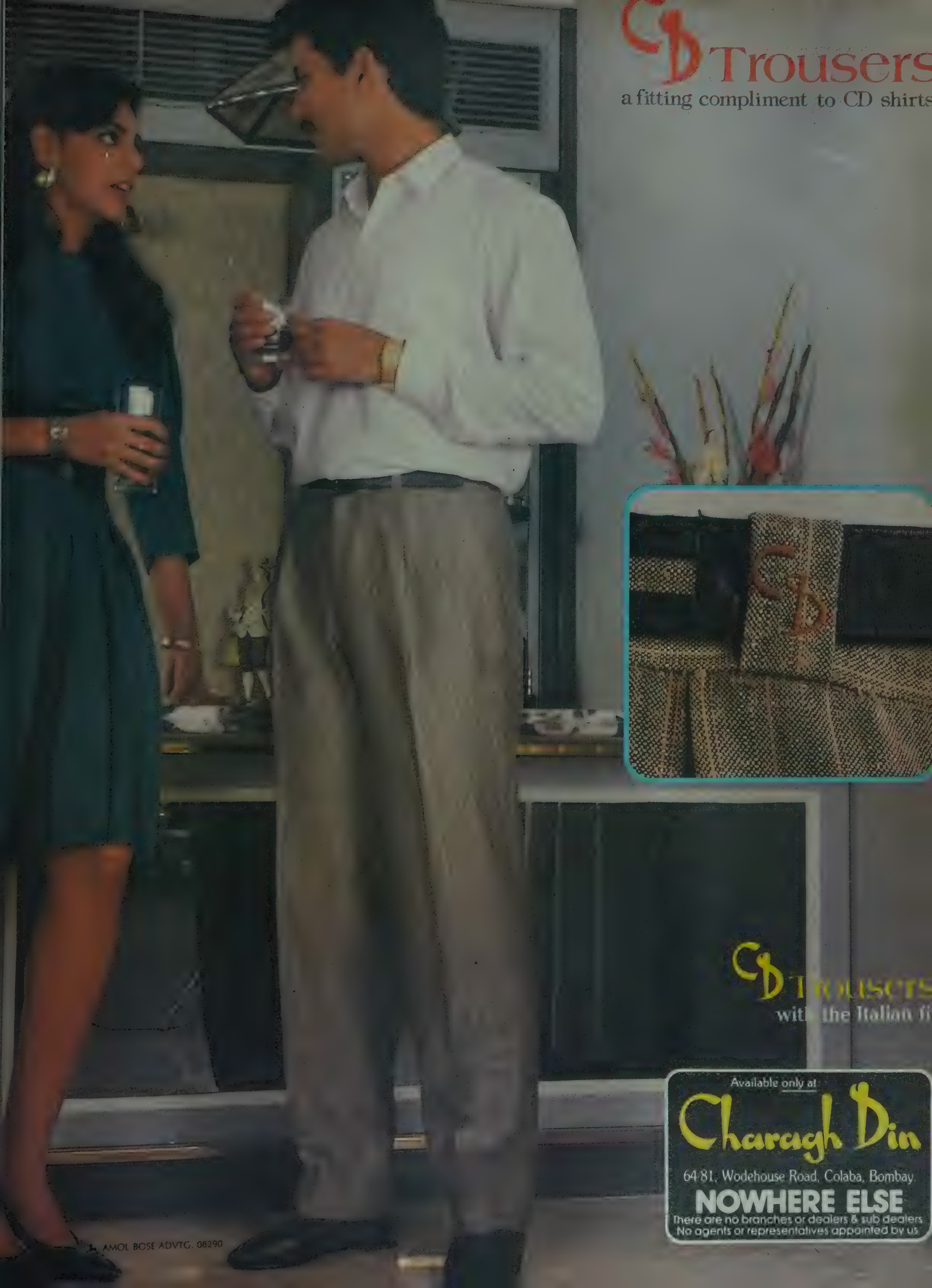
Borrowers whose needs are greater than one bank's capacity will have no option but to approach another bank or several to get the required credit. To overcome this, a borrower might choose a bank which can finance his entire need.

The issue has larger implications. Allowing foreign banks to infuse more capital into the country is a policy decision the RBI ought to take in view of the economic conditions in India. If it doesn't, foreign banks will have to be content with their small shares in accounts

And ultimately, admits a banker, the borrowers with large credit requirements will end up doing business with State Bank, leaving the smaller accounts to smaller banks.

Ideally, banks should, through internal generation, increase their capital base if they want to continue to finance a creditworthy borrower with larger needs. And augmenting the capital base is not all that difficult. Canara Bank, for instance, beefed up its capital and reserves by 245 per cent between 1987 and 1989, while UCO Bank or Indian Overseas Bank have barely managed 114 per cent growth despite the government infusing fresh funds into them. In fact, the government's latest move — augmenting the capital base of a few weak banks — is considered a "dole to the inefficient banks" in banking circles. When better risk management attracts more penalties than rewards, why should banks implement RBI guidelines?

■ ALPANA KILLAWALA with SHAMPA KAR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AD CLUB SEMINAR

It works, and how

Vadilal's arrival saw Kwality's market share melting away. Titan is alarming HMT and Allwyn, while the Hero Hawk may soon pedal past the BSA Mach I and Atlas Concorde Pro 10. Scissors is not only the pioneering cigarette in the country, but also the largest selling. HCL would undoubtedly like to reproduce Modi Xerox's success in copiers, Amtrex may soon leave Voltas' split airconditioners out in the cold, and Old Spice is proving that Godrej and Palmolive *ke jawab hai* in shaving creams.

What has helped Vadilal, Titan, Amtrex, Hero Cycles, Modi Xerox, ITC and Old Spice's products give their rivals a run for their money in a highly-competitive marketplace? Effective advertising strategies, to a large extent, which is why they were selected as case studies for Advertising Works-II — the two-day (21-22 June) seminar organised by the Advertising Club, Bombay. In all, eight case studies were presented. The last was a public service campaign — General Insurance's Suraksha Samadhan Scheme.

According to Sam Balsara, president-elect of ACB and chief executive of Madison Advertising, persuading agencies to reveal their advertising strategies was not easy. "No one is going to lose any business by discussing strategies, yet an unnecessary shroud of secrecy surrounds them," he says. They relented only because it was the past being reviewed, at this informal "platform for advertising professionals to share their strategies, thoughts, experiences and success stories with others, who would learn from them." And there was a lot to be learnt.

Advertising fine-tuned

For example, using market research data, both Vadilal and Titan have been fine-tuning their advertising to either suit or provoke subtle shifts in consumer demands. Initially, both lavished attention on their products: remember Vadilal's scrumptious ice cream scoops and Titan's glittering watches? Once established, the companies focused on fuelling demand. Carryhome packs and recipes began appearing in Vadilal ads while Titan began promoting watches as fashionable rather than just functional accessories.

Now, with brand loyalties, identities and distribution networks in place, strategies have been altered again. Seasonal and topical cues dominate Vadilal's press ads. Following the arrival of new brands like Dollops, Go-Cool and Milkfood, the frequency of Vadilal's television commercials has increased. Titan, meanwhile, is now individually highlighting its watch ranges.

Both Hero Cycles and Old Spice had sheltered their products — racer cycles and shaving cream respectively — under corporate umbrellas, even though market trends favoured individual identities. Men's toiletries were emerging as a distinct niche and the cycle market was being divided into utilitarian, leisure and sports.

Works II
The Advertising

Palkhivala at the seminar: the sequel was as good

Old Spice's shaving cream broke free from the overpowering presence of the brand's after-shave lotion and its classic surfer ad using the 20 and 30 second polo commercials on television, which were aired thrice a week. In January 1988, when the commercial first appeared, Old Spice shaving cream's market share was 13.1 per cent, while that of Palmolive was 34.5 per cent and Godrej 19.5 per cent. By March 1990, the figures were 23, 31.4 and 12.1 per cent respectively.

The Hero Hawk branched out after redesigning its racer cycle. It added on graphics, vibrant colours and a simpler gear system, which contrasted with Atlas Concorde's complicated 10-speed gear system. Hero's ads then guided bikers to use the bike more effectively.

How visuals work

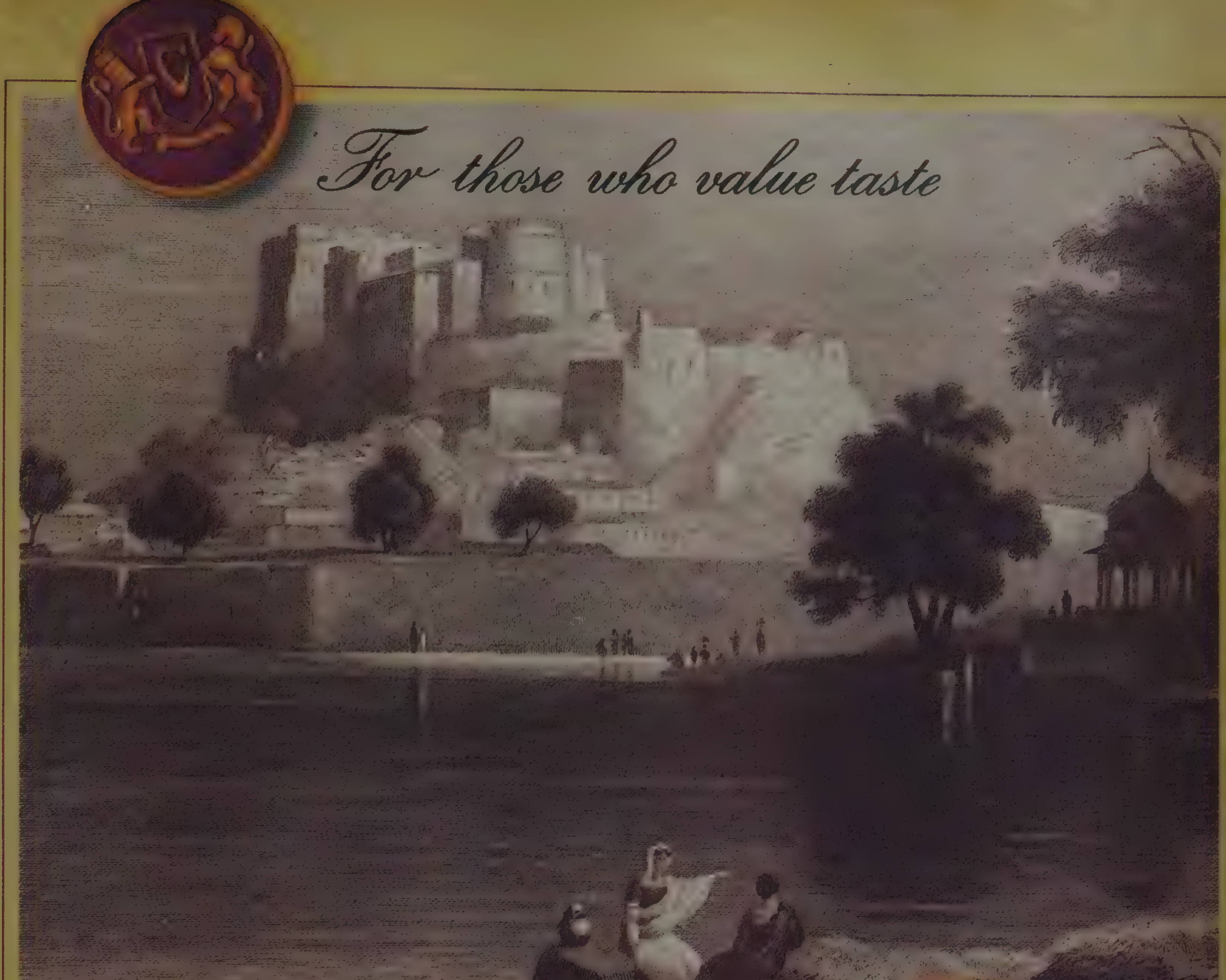
Amtrex, being a new brand, with a limited budget (Rs 13 lakh), went the lifestyle way. The strategy was: sell an office image product. Amtrex did this through its visuals of starkly modern designer offices. The inferences to be drawn were that with split airconditioners, offices can be noiseless, windowless, aesthetic, luxurious and hi-tech.

But while Amtrex sidestepped generic selling, Modi Xerox couldn't, as copiers were virtually unknown in India. It faced the daunting task of creating a market that buys before creating advertising that sells. As the copiers were pitted against photostat machines, the ads positioned the former as a more efficient, productive and modern office machine. Ironically, this case study session was chaired by Ravi Gupta, chief of Trikaya, the agency which had launched the fierce comparative HCL ad campaign against Modi Xerox.

Perhaps the toughest promotional task was faced by Multimedia. It had to promote GIC's Suraksha Samadhan scheme among illiterate rural folk who were often beyond the reach of conventional mass media. To reach them, state government networks were mobilised, primarily in Maharashtra, Andhra Pradesh, Uttar Pradesh and West Bengal. Pamphlets, radio and TV programmes, a powerful film, field vans and word of mouth publicity filtered down to the district, *taluka*, *panchayat* and *zilla parishad* levels. The 1988 Kumbh Mela also provided a good opportunity to spread the message. Its progress was closely, monitored. Finally, 6.39 million people were exposed to the campaign.

The case studies will now be printed, which is certain to help students and newcomers to the advertising and marketing professions. The seminar has become an annual event, and the ad fraternity is already preparing for and looking forward to Advertising Works-III next year.

■ INDIRA KHANNA


For those who value taste

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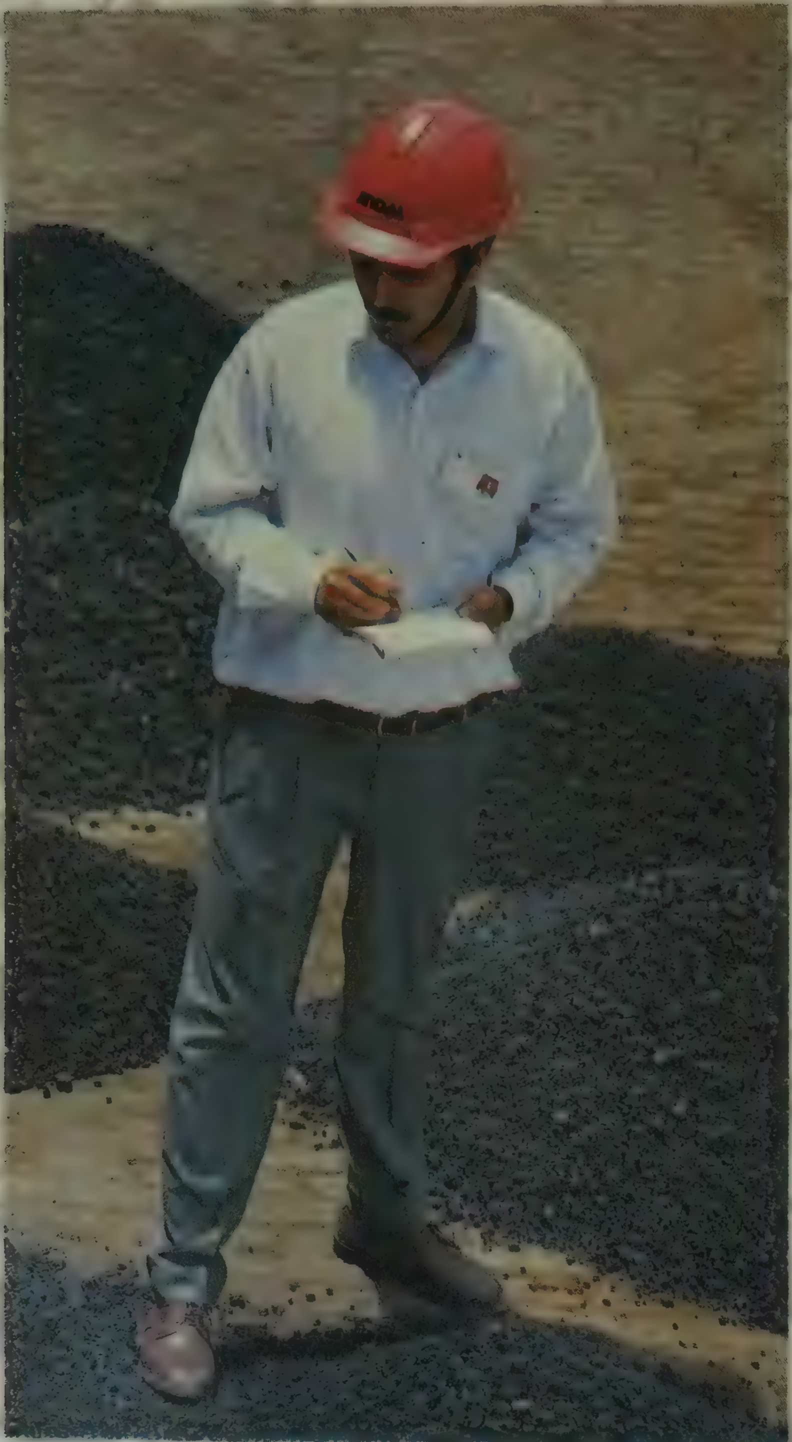

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KEL

Amidst the big boys

Guess who is giving companies like Kirloskar, NGEF and TVS a run for their money? None other than the tiny tot manufacturer of alternators and transformers, Kerala Electrical and Allied Engineering Co Ltd (KEL) of Cochin. As a public sector company, far removed from the razzmatazz of corporate high-fliers, KEL, despite being around for more than 25 years, is known only to players in the electrical engineering market. In a sense, its low profile necessarily stemmed from its initial lackadaisical financial performance. Poor quality products, low productivity and capacity utilisation, and a thin order book saddled the company with accumulated losses of Rs.54.37 lakh by 1982-83.

Such nightmarish figures do not haunt the KEL management any longer. Turnover has risen from Rs.10.43 crore in 1987-88 to Rs.18.83 crore in 1988-89 and Rs.30.23 crore in 1989-90. Profits amounted to Rs.61.29 lakh in 1988-89, from a loss of Rs.26.29 lakh in 1987-88. The company has bagged several plum orders from the railways and the defence sector.

Ready market

State government patronage was largely responsible for this turnaround. The company's fortunes have always been linked to the state government — specifically, to the Kerala State Electricity Board (KSEB) — because distribution transformers comprise the bulk of its product line.

KEL's directors blame the chronic resource crunch of SEBs for the poor offtake of its transformers. But the entire electrical equipment industry has been hamstrung by excess capacity. KEL's products were not favoured until 1984-85, mainly because its rates were not competitive. Only later, when design changes were incorporated, could the company cut production costs and bounce back to the market.

Further, Kerala's industry minister K.R. Gouri's stand last year helped push a policy decision by the state government which asked its own departments and KSEB to buy as far as possible from local industrial units. Consequently, last year KSEB ordered KEL transformers worth Rs.5.9 crore. Further, the state government's decision to give a 10 per cent price preference to government companies gave KEL a competitive edge.

The KEL management has also done its bit to set its house in order. S. Purushothaman, the chairman and managing director, says that a unit-wise decentralisation of power and the delegation of managerial responsibility have helped KEL out of the red.

The company also spruced up its financial management. By externalising part of its production costs by farming out production of components and sub-assemblies to 30 small scale units, KEL has been able to ease pressure on working capital.

Today the company has four manufacturing divisions. The oldest, set up in 1964 at Kundara near Quilon, makes inductor-type brushless alternators — brand name Statodyne — in collaboration with Alsthom Atlantique of France. Over 20,000 of these have been sold to the railways.

This unit also makes 400 Hz alternators used in ground power units (GPUs) for starting aircraft engines. KEL has supplied eight GPUs, each costing Rs.6.5 lakh, to Vayudoot.

The Mamala unit near Cochin makes distribution and power transformers, radial gates, hoists for dams, and other steel structurals. This unit, which had a loss of Rs.86 lakh in 1987-88, broke even the following year and totted up a profit of Rs.25 lakh in 1989-90.

KEL's distribution transformer: queueing up to storm the market

KEL's Olavakkot unit makes low-tension switchgears and high rupturing capacity (HRC) fuses. Its products were substandard, and were rejected in the market until 1980. Bad management policies and failure to meet production targets led to its amalgamation with the electrical accessories division in 1986. The alliance has stood this unit in good stead: against a loss of Rs.86 lakh in 1987-88, it posted a profit of Rs.2 lakh in 1989-90.

KEL's fourth and newest unit in Kasargod in north Kerala makes brushless AC generators (used in gensets) in collaboration with Moteurs Leroy Somer of France. With an investment of Rs.20 crore, and an annual licensed capacity of 3,000 alternators, KEL plans to make alternators (brushless, with dual regulators) ranging from 15 KVA to 1,500 KVA to compete with big names like Kirloskar and NGEF. Commercial production began in April and KEL's first order was from Integral Coach Factory, for 25 alternators worth Rs.1 crore.

New projects

Now that it is on a smoother course, the company is also looking at new projects. One is for the manufacture of 'fit-and-forget' automotive alternators, entirely designed by KEL's research and design wing. Although KEL holds a licence to produce 100,000 such auto alternators a year, TVS brush-type alternator will make the going tough.

Another project KEL is toying with is the manufacture of nickel cadmium batteries in collaboration with Honda Dingi of Japan. In all, it has mooted expansion projects worth Rs.45 crore for the Eighth Plan period. But with the state government desperately strapped for funds it remains to be seen just how much KEL will be allocated.

The alternative would be for the company to strengthen its present product line and tighten its financial management. Though cash and bank balances were substantial, the company resorted to bank borrowing for working capital needs. Over the years, the surplus amounts ought to have been utilised to repay bank borrowings and thus cut down on the interest burden. Only such attention to fundamentals and greater adroitness will enable KEL to overtake the big boys in the electrical engineering industry.

■

K.G. KUMAR

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BBIL

A bold new move

The idea of a holding company for conducting state trading has been bandied about in this country for over a decade. Two committees set up by the government, one in the seventies, had recommended the establishment of such a concern. But very little happened.

Finally, however, in May this year, Bharat Business International Ltd (BBIL) came into being. At the helm of this holding company is chairman S.V.S. Raghavan, former chief executive of the Minerals and Metals Trading Corporation (MMTC) and also one-time officiating chairman of the State Trading Corporation (STC). These two public sector trading companies are the main subsidiaries of BBIL, the others being the Projects and Equipments Corporation (PEC) and the Spices Trading Corporation.

Raghavan has big plans for BBIL, which mainly focus on making it function like the giant Japanese trading houses known as *Sogososha*, which "(fuelled) the engine of economic growth in Japan". Explains Raghavan: "We are not going to be a mere purchase agency. We have a wide charter and will take up a wide range of activities."

Sources of supply

Indeed, the holding company's charter covers areas as diverse as borrowing from the international money markets to establishment of power stations on a turnkey basis, setting up joint ventures abroad and public utilities here, and the construction of railways, factories, roads, bridges, etc. As Raghavan says, "Our activities will run to creating sources of supply for both export and import, and this may logically lead us to investments overseas. We may even take over some companies."

Edible oils is an area where BBIL hopes to be active. Raghavan says, "We want to buy oilseeds, get them crushed into edible oil by Hindustan Vegetable Oils Corporation (another public sector enterprise) and then enter the domestic market.

BBIL itself will function only as a service agency; actual trading will be conducted by subsidiaries like MMTC, STC and PEC. Raghavan is therefore working out concrete plans for the subsidiaries. He is not unduly worried about MMTC, since it has been chalking up healthy rates of export growth in recent years.

The virtually moribund STC, however, is altogether a different kettle of fish. Raghavan says, "My immediate task is to revive STC, which is in a shambles. Seventy per cent of its turnover came through edible oil imports. Since this has stopped, the corporation has nearly collapsed."

STC's turnover has plummeted from Rs.3,646 crore in 1987-88 to an estimated Rs.1,900 crore in 1989-90. The target for the current fiscal year 1990-91 is even lower, at Rs.1,600 crore. Imports fell from Rs.3,037 crore in 1987-88 to Rs.1,133 crore in 1989-90 and exports from Rs.581 crore to Rs.530 crore.

Raghavan: wide charter and range of activities

There was, however, a recovery in 1989-90 when exports surged to Rs.740 crore. Non-canalised exports have also been rising steadily — from Rs.401 crore in 1987-88 to Rs. 591 crore in 1989-90. However, reports have it that there has again been a slide-back in the first few months of the current fiscal year.

Recognising that reduced imports and continuously rising overheads would lead STC into the red, former chairman and managing director Bhupindar Singh, soon after assuming charge in December 1988, had initiated plans to transform the corporation into an international trading house. The plan was to triple non-canalised trade in three years, through offshore trade deals and joint marketing in collaboration with international trading houses, and creating captive supply bases for selected 'thrust' items through the formation of consortia of small and medium-scale companies.

STC's first-ever corporate plan was also being drawn up. However, the change of government at the Centre changed everything and Singh was asked to resign, as was the then MMTC chairman, I.P. Hazarika. Headless, as it has so often been in the past, STC has slipped back.

MMTC has been luckier. In March, S.K. Agarwal, a former executive director who had officiated as chairman of the corporation for 15 months in 1987 and 1988, took over as chief executive.

In any case, MMTC is in a far stronger position. Between 1987-88 and 1989-90, turnover rose from Rs.2,894 crore to Rs.4,961 crore and exports from Rs.728 crore to Rs.1,081 crore. For the current fiscal year, turnover is targeted at Rs.5,682 crore, while exports are expected to reach Rs.1,221 crore. Non-canalised exports, a far better indicator of export performance than overall exports, are set to increase from Rs.458 crore in 1989-90 to Rs.550 crore this year.

Another of BBIL's subsidiaries which presents no problems is the much smaller PEC. Having secured export orders worth Rs.81 crore in 1989-90, it has set an ambitious export target of Rs.150 crore for 1990-91. Raghavan plans to hand over the task of exporting engineering goods entirely to PEC.

At a time when the Indian government has been forced by successive large trade deficits to adopt the motto of "export or perish", Raghavan's bold ideas may well be the right ones. If he can steer these ideas through the numerous bureaucratic hurdles that are bound to block his way, BBIL might just succeed.

■ RAJIV SHIRALI

Evaluating human resource management

E.A. RAMASWAMY

The author is a freelance commentator and consultant based in Delhi

Managing human resources is perhaps the biggest challenge facing the corporate sector. We also know that, for all its importance, few organisations have a strategic plan for managing this resource better. If asked what they hope to achieve on this front in the next few years, many enterprises would grope for an answer. The desire to avoid disruption, instead of the search for lasting solutions to known problems, appears to be the hallmark of corporate thinking.

Constraints in the environment are considered by many to be so restrictive as to make strategic planning difficult, if not altogether impossible. Aggressive unions and associations, employee ambitions for quick promotions and increased emoluments, a poor work ethic and a legal system which makes it difficult to deal with malcontents are the constraints most frequently cited.

While some of these constraints are real, the greater problem appears to be that policy initiatives are neither seriously explored nor vigorously pursued because there are no immediate compulsions. It takes time for poor human resource management to translate into poor overall performance. Essentially short term measures can help keep performance at reasonable levels in the interim.

Poor standards

Where technology is highly automated, the compulsions are even less immediate. Many plants in the fertiliser, petroleum, power generation and petrochemical industries can and do operate in excess of installed capacity in spite of miserably poor standards of human resource management. Under such conditions it is tempting to argue that capacity utilisation and financial performance are the real objectives, that human resource management is only a means to an end, and that shortcomings here need not be a source of anxiety so long as the ultimate objectives are met.

This kind of reasoning is that it further complicates the task of managing people. Trade unions tend to view short term concessions and advantages as the base from which to demand more. Even if the unions are lax, employees think that once granted, informal benefits would not be withdrawn. This is the beginning of a dual system of industrial relations — a formal one where unions and management bargain the wage contract, and an informal one where employees build on the slackness of management to redraw the rules and regulations and erect a parallel system which confers benefits and power in addition to what has been formally bargained.

While it is clear that organisations can ignore human resource management only at their own peril, the indicators of good performance are by no means easy to elucidate. Unlike physical and financial parameters, performance on the human resource front is notoriously difficult to measure. This has come in handy to those who prefer to evade rather than face the issue. There are still some who believe that mandays lost to strike and lockouts is a good enough indicator. All that one can say in response is that it is too simplistic a belief that people are diligently at work when they are not on strike.

No correlation

Another view is that the performance of the human resource is bound to be reflected in the bottom line and financial performance is therefore a sufficient indication. This might have some validity in the long run, but in the short term there is no necessary correlation between the two. There have also been attempts to confuse between HRD and HRM and point to numbers put through training programmes as an indicator of performance.

A comprehensive measure of human resource management is obviously both complex and distant. In the interim, however, there are simple and easily quantifiable indicators which would show how an enterprise is faring.

The first of them is the number of contract workers, apprentices and other forms of non-permanent labour employed by an enterprise. While these forms of labour have a legitimate role in work of a sporadic nature, the trend is to rely on them to make up for the non-performance of permanent employees. It would be fair to postulate that the productivity and efficient management of the permanent employee force is inversely proportionate to the size of non-permanent labour.

The second indicator is overtime. While it is a legitimate means of coping with contingencies, recurrent and guaranteed overtime payments reveal much about the quality of human resource management. It is universally recognised that chronic overtime is symptomatic of declining management control over the work process. Where overtime is above 10 to 15 per cent of normal emoluments, it would be safe to conclude that management control is on the wane. What it means, in other words, is that workers are being retained and paid for longer hours to accomplish what they can during the normal working day. This s no different from running a machine for 12 hours to produce what it can in eight.

The third indicator is absenteeism. While some absence to avail of leave provisions is normal and to be expected, recurring shortages in manpower even after manning has been planned to take care of normal leave provisions indicate a problem. What it indicates is possible leave abuse to create overtime opportunities. Indeed, high levels of absenteeism are usually in tandem with high overtime and heavy reliance on non-permanent labour. There could be some difficulty in measuring absenteeism because of definitional problems. A viable way out of this trap is to measure days worked. The average number of days worked per employee and its variation from one year to another are definite indicators of the quality of human resource management.

A fourth indicator is labour cost in relation to physical performance and turnover. This is a commonly accepted yardstick, a reliable indicator of the cost of all labour working for the enterprise — directly or indirectly employed — and not just the cost of permanent labour reckoned.

These four indicators highlight some of the major problem areas in human resource management. The question is whether the corporate sector wants to face them squarely. The opportunity to test this out with the public sector was recently provided by the Bureau of Public Enterprises. The bureau wants to develop the memorandum of understanding (MOU) as a major instrument to balance the autonomy and accountability of public enterprises and structure its relationship with the government. While the memoranda have so far limited themselves to physical and financial indicators of performance, the bureau would like them to become comprehensive instruments by bringing into their ambit other key areas of performance, including human resource management.

Executives of 19 public enterprises currently on the MOU list and some officials of the concerned ministries were brought together to discuss how to measure managerial performance along this parameter. The most important task before the group was to identify the indices of performance.

There was considerable initial reluctance to ave human resource management evaluated at ll. The stand was that since manpower performance would in any case find expression in physial and financial performance, it was unnecessary o either make explicit commitments to the govrnment or have outside agencies probing this. This reluctance was eventually overcome because he agenda was not whether to assess human reource management, but how to.

A host of performance indicators were suggested. Among the important ones were training nd development as reflected in the training budet and numbers trained in relation to the size of the employee force; career planning including career progression and succession planning; manpower with particular emphasis on multi-skilling and job rotation; promotion policies; performance and potential appraisal; organisational climate and employee morale; quality circles and suggestion schemes; quality of work life; the state of organisational communications and mandays lost through industrial conflict.

Unlike physical and financial parameters, performance on the human resource front is notoriously difficult to measure

Occasional appearance

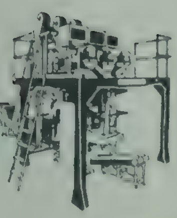
An interesting feature of the discussion was the domination of qualitative indices, which make assessment of performance both difficult and subjective. They dominated even though the need to judge performance by quantifiable and objective standards was often highlighted. Quantitative and objective indicators did put in an occasional appearance, but such peripheral and time-worn ones as mandays lost and numbers trained were prominent.

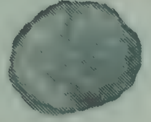
The four indices were presented in a background paper as pointers for possible consideration. Along with them were listed certain less salient ones such as performance appraisal systems which recognise merit, development of a positive organisational climate through training and effective counter bargaining at the time of the long-term wage settlement. The only index from this list to find any favour was overtime, primarily because of the efforts of managers from an enterprise which had met with considerable success in controlling this scourge. The other indices were not shot down as irrelevant, but were largely sidelined.

The reaction of public enterprise managers to the exercise is in some ways understandable. Overtime, absenteeism and contract labour are easy to objectively quantify, but far from easy to control. There is not much reason why an enterprise should commit to the government on these counts and invite scrutiny when the time comes for assessing performance.

In fact, quite a number of enterprises which post impressive profits with the help of administered prices are bound to come a cropper if assessed on manpower performance. In any case, the purpose of the exercise was only to get the managers to identify the indices by which they should be assessed. How many of these actually find their way into MOUs is another matter altogether. It should come as no surprise if enterprises move with extreme caution in this regard.

Whatever the outcome of the exercise, it is clearly time for industry to squarely face the major problem areas on the manpower front. It may be convenient for personnel management to have itself judged by misleading indices, or for general management to mask the real issues with profits and production figures. Meanwhile, the real issues would only become more intractable than they already are.

NICHROME PRESENTS A STATE-OF-THE ART,  INDIGENOUSLY DEVELOPE

AND POWDERS LIKE , , , , ,

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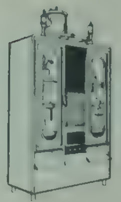
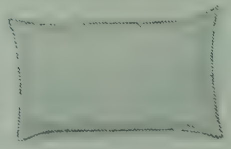
PACKAGING MACHINES, THAT PACK  LIQUIDS LIKE ,

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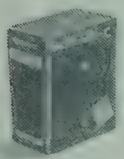
GLAXO , PARRY'S , CADBURY'S
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Computing power to the people

India is all set to join the select league of nations which have developed supercomputer technology. The Centre for Development of Advanced Computing (C-DAC) will catapult India into this league when it launches its PARAM (an acronym for parallel machine) series of parallel computers later this month. C-DAC, was set up specifically to develop a high-performance computing machine with a computing power of 1 gigaflop (1 billion floating point operations a second) in three years. At the end of two years it has designed, developed and built PARAM, which has a processing speed of 100 megaflops (100 million floating point operations a second).

In terms of computing power, this is roughly 300 times faster than an average minicomputer or over 100 times quicker than a Cyber 170/730 mainframe. C-DAC intends to transfer technology to a host of Indian manufacturers this month. Shortly thereafter, these machines will be available in the Indian market. This marks the completion of the second phase of the three year. three phase programme of C-DAC. The next step is to scale the 100 megaflop machine up to 1 gigaflop. This development will be significant on two counts: India will no longer have to beg developed nations for transfer of advanced computing technology. Second, such a machine will be as powerful as the Cray XMP used for weather forecasting, and cost up to 20 times less.

Bhatkar: "cost effective internationally"

Bureaucratic wrangling

In 1987, when India was in sore need of a supercomputer for weather forecasting, the acquisition of a Cray machine was repeatedly delayed by the US and a subject of much bureaucratic wrangling. It was against this background that the government of India launched C-DAC in 1988. Its goal was clear: to design, develop and make commercial an internationally competitive high performance parallel computer with a peak computing power exceeding 1 gigaflop. "That wasn't all," says Vijay Bhatkar, executive director, C-DAC. "We had to demonstrate several applications of national importance during the development process."

In the early eighties, scientists the world over realised that a number of problems in areas of space, weather forecasting, image processing, etc needed high computing power, well beyond the scope of existing mainframes. Cray computers of the USA took the lead and started making powerful single processors to meet this challenge. It found that when problems were split up and run simultaneously on a large number of interconnected processors, computing time dropped dramatically.

In 1983, INMOS, a UK - based company, made a chip which it called a 'transputer'. It was the first processor to have the floating point unit together with the central processing unit on the chip. It could match the computing power of a mainframe machine by itself. The key feature of the transputer was its four communication links which enabled it to 'talk to' four other processors. This was the genesis of parallel processing. Theoretically, there was no limit to the number of transputers that could be linked: the hardware design became more complex, but computing power increased geometrically. By 1985, several powerful research machines had achieved reasonable success.

In 1988, INMOS launched a transputer, the T-800, which was much more powerful than its predecessor. "A single T-800 has run 2.5 times faster than a Microvax II and, as we tried at C-DAC, a Sun 3/60 mainframe for specific applications," says M.M. Sharma, who co-ordinates applications development at C-DAC.

The cost of the entire three-year C-DAC development programme is about the same as a Cray machine — around Rs.35 crore. "While the cost of an eight transputer add-on board (1.5 times as powerfu as an NEC 1000 mainframe) is only about Rs.5 lakh, a four transputer board would cost about Rs.2 lakh," says Ashok Joshi director, C-DAC.

When C-DAC adopted parallel processing, it was aware of the difficulties that pursuing the technology involved. However, the Rajaraman Committee report had already underlined the fact that parallel computing provided decisive advantages. Firstly, it is far more cost effective than any other technology, and secondly the availability of critical components like 'transputers' was fairly abundant and easy. "These advantages, particularly for India, far outweigh the extra effort needed to popularise parallel programming," says Bhatkar.

Today only a handful of companies in the US, West Germany and the UK have manufactured commercial parallel processing machines. One of the lates machines was released in 1989 by Parsytec, a West German company. The basic Parsytec Model 64 is built around 64 T-800s and packs 96 Mflops of computing power.

Parallel computers

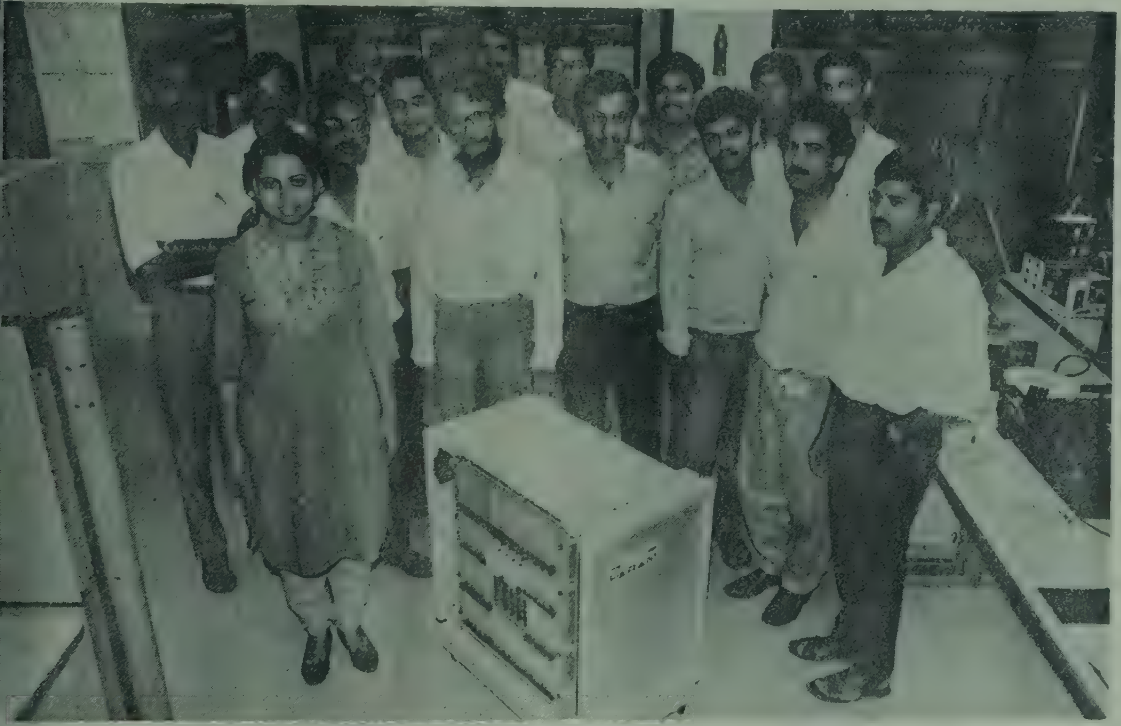
C-DAC scientists began working towards the goal of a supercomputer by making add-on parallel processor boards with four and eight transputers. "When plugged into any IBM compatible PC these cards gave you the computing power of several Cyber mainframes right on your desktop," says Ashok Joshi. But parallel computers require existing software to be 'parallelised' in order to be processed on them. In other words, these programs need to be split into a number of smaller programs which run simultaneously. This can be done by using parallel programming languages like OCCAM, Parallel Fortran and Parallel C Early parallel machines faced problems because parallelising software required a universal change in concept which is always difficult to bring about.

To make parallelising easier, C-DAC

simultaneously started developing software tools: compilers for Parallel Fortran and Parallel C, debuggers and learning tools. "CODE (C-DAC OCCAM Development Environment) is the only learning tool of its kind in the world," says Bhatkar. "It can be run on any computer, even a PC, and it simulates a parallel machine environment. It is a tool for learning OCCAM, the most efficient language for parallel processing," he adds.

Indeed, CODE has generated a lot of interest after being test marketed abroad. C-DAC signed an agreement last month with Concurrent Systems of Japan to market the learning tool in Japan, while Matsushita and Sumitomo, the Japanese industrial giants, are keen on similar tie-ups. However, an industry watcher feels that "it will eventually depend on what kind of software upgradations are available."

Several Indian companies — like Softek, Wipro, Pegasus and PSI — and some of the IITs are already involved in the development of compilers, debuggers and programming tools jointly with C-DAC. Meanwhile C-DAC, in order to demonstrate the capabilities of parallel processing and to gain the industry's confidence, took up real-time applications in areas of national importance. It has been working closely with the Vikram Sarabhai Space Centre (VSSC) at Trivandrum; the Space Application Centre, Ahmedabad; ONGC, TIFR, the National Chemical Laboratory, the IITs and some other national organisations.


The C-DAC team with the PARAM: well on the way to supercomputing

Sharma points out that, recently, VSSC used a 12-transputer C-DAC board to do a real-time simulation of a satellite launch. Similarly, considerable work has also been done on oil reservoir modelling and seismic data processing for the ONGC. C-DAC hardware is also in use for applications as diverse as molecular modelling in quantum chemistry, computer aided design and manufacturing, image processing, astronomy and astrophysics, and biotechnology.

Most cost effective

"PARAM machines are internationally the most cost effective," says Bhatkar. "Cost per performance in terms of dollars/Mflops is the lowest and our machines surpass several such machines available in the world today," he adds.

"The C-DAC gigaflop computer would essentially have 256 transputers and would be four times larger than PARAM," say Eknath, Sasikumar and Joshi, the architects of PARAM. This machine would be a 'back end' machine — it will have to be attached to a host computer, which could be anything from a PC to a mainframe.

"The aim of C-DAC is to bring supercomputing power to the people at their desktops," says Bhatkar. "C-DAC will also embark, next year, on a national drive to educate people in parallel programming." Code named AREI (Advanced Computing Research and Education Initiative), it will involve three levels of PARAM machines (high-power ones, mid-sized ones and add-in boards) being used at around 60 research and education institutes. A course in advanced computing will be introduced in all major colleges at the M.Tech level. Joshi dispels fears about learning parallel programming. "A good programmer can pick it up within a week," he says.

C-DAC also plans to demonstrate the 100 Mflops PARAM in Europe soon after its launch in India. "Several foreign software companies in England and the US are keen on developing software for C-DAC machines," says Bhatkar. Several agreements are expected to be signed shortly with foreign companies for joint development of software with C-DAC claiming royalty. By the time the Indian gigaflop computer enters the market (by 1992), the handful of parallel computer manufacturers around the world will share a market of about 250 million dollars.

As if there wasn't enough for the C-DAC team to keep them busy till 1992, they are impatient about the arrival of another power-packed transputer. INMOS will soon make available the next version of its transputer which will be 20 times more powerful than the T-800. Meanwhile Intel, the American company which manufactures a range of processors, recently launched a 'vector' processing chip which is rated at between 10 and 80 Mflops. And both Sasikumar and Joshi are already visualising a machine which will combine the new INMOS and Intel chips to zip along at several Gflops. Sasikumar points out that all PARAM machines available now are upgradable whenever new technology is incorporated.

C-DAC has done well, and perhaps the best accolade comes from Prof. Arvind of the Massachusetts Institute of Technology, USA. "A few such young scientists can change India," he says. The launching of PARAM will not only add punch to Indian scientific research but will tremendously accelerate efforts in strategic areas like oil exploration, space research, nuclear science and defence.

A director of one parallel research body sums it all up: "It's an admirable effort since it's for the first time that industry is being involved." Judging from the pace of development, C-DAC's 1 gigaflop machine will in all probability be delivered well ahead of the August 1991 deadline.

■ ROOP KARNANI

TELEMARKETING

Dial-a-buyer

There's a new buzzword on the direct marketing and advertising circuit — telemarketing, ie, marketing products and services on the telephone. Realisation has belatedly dawned on agencies and companies that, notwithstanding the notorious inefficiency of telephones, a lot can be accomplished by a small team just sitting in one place and dialling away.

Ease and convenience apart, telemarketing also helps focus the sales effort directly on people who are most likely to respond. And with rising mass media costs, this direct focus is becoming increasingly important. "A *Mahabharat* slot alone is not necessary to tell people about products," says Atul Mathur, marketing services manager of Lintas India's direct marketing extension, Marketlinks.

Admittedly, not all product categories lend themselves to telemarketing. Soaps, soups and soft drinks are unlikely candidates. But while addressing a specialised community — architects or printers, for example — this method becomes very effective. Similarly copiers, computers and other high-value, frequently-used office equipment and consumer durables (for which salesmen trudge door-to-door), benefit immensely.

"The output of the sales force would be optimised as they need to follow up active enquiries rather than waste time cold calling," says Vivek Basrur, a director in the six-month-old Direm Marketing Services. Basrur recalls their success in telemarketing a telephone system, for which 4,000 potential clients were phoned and the responses helped the client company to plan its sales strategy more efficiently.

Response compression

Indeed, immediate sales may not materialise on the phone. But once a comprehensive list of prospective clients is drawn up, telemarketing helps in grading purchase intentions, persuading the reluctant, weeding out the uninterested, and following up productive enquiries promptly. Most agencies also assert that currently, telemarketing is a component of the integrated approach to direct marketing. In advertising jargon, it is known as response compression. A fixed pattern is followed — ad, mailer, telephone call followed by a salesman at the door.

According to R. Sridhar, the Bangalore based president of Ogilvy and Mather (O&M) Direct, if mailers are followed up by a telephone call the positive response rate rises by 70 to 75 per cent. "Mail may lie unopened for days, but when the phone rings, someone runs to pick it up, even from the bath," he says. O&M Direct's strategy of combining mailers followed up by telephone calls did yield rich dividends for Grindlays Bank. Soon after the scheme was launched, it was discovered that 60 per cent of the new clientele at one of the branches had been motivated by the telephone call. Says Sridhar, "The response was overwhelming, even in a difficult market like Hyderabad."

Marketing departments in service industries such as hotels and banks are also reaching for the telephone in a big way. At Citibank, for example, telemarketing has been an on-going effort since mid-1989.

Magus Advertising's computerised telemarketing unit exclusively handles Citibank's work. A two-pronged strategy is followed. If an existing client has one account, he is persuaded to sign up for another. And new respondents to the bank's press ads and mailers are followed up on the phone. According to Rajinder Sabherwal, assistant vice-president and branch manager of Citibank, this is ideally suited to the banking and service industry as it is personalised, which in turn spells exclusivity.

Cost effectiveness is another plus point of this selling tool. According to Sridhar, "The per customer cost is high, about Rs.5 to Rs.7, but when spent for high margin products or services, the returns may be 80 times as much, which is a very healthy ratio."

This is particularly true for banks. I Magus, for example, makes 20,000 call even a 10 per cent productivity ratio wil generate enough deposits to cover cost Little wonder that Sabherwal says: " bank like ours will make sure that ever marketing device used pays back for itself. And telemarketing has done so."

There are some spillover advantage from telemarketing as well. Unlike surveys and market research which provid passive information, the data collecte from telemarketing is directly linked t sales — the ultimate point of reckonin For example, once the decision-maker are identified when telemarketin copiers, selling typewriters becomes easier. Additionally, existing customers ca be regularly and easily updated abou new product arrivals.

At the same time, incoming calls ca also become opportunities to sell othe products or services, says Sridhar. Agencies themselves have been playing ad jingles on the phone. Hotels, for example can suggest alternative locations if th one enquired for is not part of their operations. And since telemarketing is interactive, the complaints and suggestion from the customers can provide valuabl feedback for hotels and bankers to improve or streamline their services.

Now, telesalespersons

"There are lots of opportunities in telemarketing and no real deterrents," say Basrur. But most agencies are currentl unwilling to set up full-fledged telemarketing units, preferring to organis teams on a project-by-project basis. The argue that phones are unreliable, a computerised system would mean a larg investment of Rs.4 to 5 lakh and comprehensive customer lists need to be prepared. Ramesh Iyengar, the managin director of Select Direct, also points ou that the telesalesperson needs to be wel trained and cultivate a pleasant and well planned sales pitch. Otherwise, there wil be more people hanging up tha listening.

The agencies' hesitation can also b partly explained by the fact that thoug telemarketing is an old concept internationally, it is new here. The average consumer has yet to endorse it. But whethe acceptance comes sooner or later, th merits of telemarketing as a supplementary selling strategy are becomin obvious.

■ INDIRA KHANN

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COUNTERTRADE

Aircraft for edible oil

Countertrade is a term which is being increasingly bandied about by government and public sector corporations in India. Since India is a major buyer of goods from all over the world, the most natural progression of such buying arrangements has been to link it to countertrade. We have, therefore, seen countertrade deals with Boeing and Airbus on the one hand and with metal suppliers on the other. Thus far, countertrade has been a preserve of the public sector corporation in India.

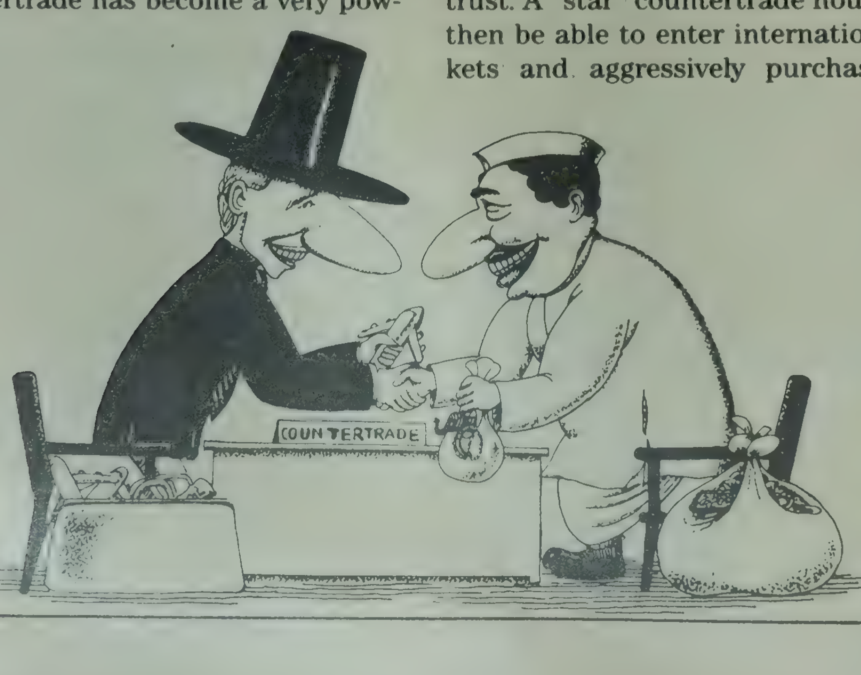
What does countertrade mean and how effective is it in India? Whenever the government starts negotiating with suppliers of capital goods or any other products, among other things it works out a package deal with the supplier to buy back goods of a certain value from India. The list of goods is specified and agreed to at the time of signing the contract. The value of the goods to be exported is normally fixed as a percentage of the value of the contract. The time is also fixed.

A supplier to India is in no position to export products from India, so he sells the countertrade "obligation" to a countertrade company overseas by paying a premium of up to 5 per cent of the value of the contract. This countertrade company, which has agents in India, then starts shopping around with Indian exporters to fulfil the obligation. The result is that existing exports are channelised to fulfil the obligation, thereby defeating the very purpose of the whole arrangement, offsetting foreign exchange outgo.

Countertrade has become a very powerful tool in the trading world and countertrade companies are sought after by most countries since they move both goods and money through the economic system of the country. The government of Singapore, for example, has over the last few years accorded "pioneer" status to countertrade companies based in Singapore. This means that such companies are exempted from payment of income tax for a minimum period of five years. There are only 14 countertrade companies in Singapore and these specialise in various commodities such as rubber, tin, grains, latex and edible oil.

It has been recognised by the government of India that commodities will continue to form a major base for enhancing the country's export effort. Can pure exports be as successful as exports linked to imports? Obviously, the Indian seller's bargaining position is considerably strengthened if he becomes a buyer as well. The ability and freedom to buy and sell is the essence of countertrade. This is one of the reasons why we in India fall short in our export effort. If Indian exporters of agricultural commodities were permitted to import commodities such as rubber or vegetable oil for resale in India, instead of having these channelised through government bodies, genuine exports through countertrade would see a significant increase. In other words, the "star" exporters from India could become "star" countertrade houses.

The government has already agreed to base its policies on a greater degree of trust. A "star" countertrade house would then be able to enter international markets and aggressively purchase items ranging from edible oil to rubber, albeit in small quantities, and as per allocations made by government-run bodies. These items would then be resold by the Indian house to actual users in the country. Simultaneously, the government could prescribe that for the "star" company to continue as a countertrade house, it must ensure that such a company must always have a net foreign exchange inflow. To further ensure control, the government could prescribe the minimum net foreign exchange inflow at Rs.75 crore — its current requirement for a "star" exporter. This will prevent "rerouting" of exports towards countertrade.



Work together

Another option that bears examination is for Indian trading houses to work closely with government bodies to fulfil countertrade obligations. Such obligations would then be prescribed in consultation with the private sector, which would take on the responsibility of meeting them in association with the foreign supplier.

The principle of private and public sector co-operation could be one of a "with and for" relationship; the private sector works "with" the international markets "for" and on behalf of the public sector. If the overseas offices of public sector corporations could work in close co-operation with the overseas offices of the private sector, exports of Indian goods would receive a significant boost.

The major advantage of such co-operation would be that resources, both in terms of orders as well as procurement, could be pooled. For instance, a trading house receives overseas enquiries for products ranging from cement and steel, on the one hand, to sesame seeds, oil seed extractions and sea cucumber, on the other. Obviously, no company is equipped to handle such a range, but every time an enquiry is turned away for lack of knowledge, there is an opportunity loss. The power of the trading company is thereby diluted.

We must be in a position to change our responses from "we do not handle this product" to "we can source it for you from another Indian company". The underlying principle remains the same in each transaction — increasing the overall market share. Our exporters must realise that the objective is to increase the size of the cake first and then fight with each other over individual portions.

■ ASHUTOSH GARG

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TAX WARS ON THREE CONTINENTS

THE ELDERLY lady, well over 70 years old and dressed in cheap clothes, looked distraught as she walked into the office of the Finance Secretariat, Mexico's tax collection bureau.

She stood in line for half an hour until she got to the window and spoke to the teller. She was told to go to another window and then to another and to another. By the time a newspaper reporter caught a glimpse of her, she was sitting on the floor on the verge of tears.

"I don't want to go to jail," she said. "I want to pay my taxes, but I don't even know how to begin."

Taxes: to pay or not to pay

By SERGIO SARMIENTO *in Mexico City, Mexico*

The woman, whose plight was reported in a Mexican newspaper, sold lottery tickets for a living. Like most Mexicans, she had been outside of the official economy for years. Last year, however, new tax regulations were enacted, designed specifically to enforce payment of millions owed by Mexicans who had never paid taxes before.

The new regulations were combined with an extensive campaign to remind citizens of their fiscal obligations—and the penalties for noncompliance. Some very well-known personalities, such as rock star Angel Bruzzuela, were jailed on tax evasion charges.

Continued on next page

STOP THE POLL TAX
Stop collection fines
Stop the TORIES
DEFY THE

JOHN HARRIS / IMPACT VISUALS

Inside: Tax imbroglios in UK and Japan.

To pay or not to pay

Continued from previous page

The effort is paying off; tax income is expected to rise by US$6 billion dollars this year, according to Finance Secretary Pedro Aspe. If his projections are correct, the new revenue will be equivalent to more than eight percent of all government spending, a significant step in the effort to bring down the government deficit, which was 16 percent of the gross domestic product (GDP) in 1987, to only 1.6 percent in 1990.

But for people like the lottery saleswoman, hardly able to read and write, incapable of filling out even the simplest of tax forms or of maintaining accounting records, the fiscal campaign has struck a note of terror in a life already filled with uncertainty.

Mexico's fiscal reform program is in many ways a reflection of what is becoming a general trend in underdeveloped countries. The fiscal experiments of the 1980s in the United States and Great Britain—inspired by the so-called Laffer curve which predicts reduced fiscal expectations with increased tax rates—have made many countries change their ineffectual "soak-the-rich" tax systems. Thus, governments have reduced top tax rates in an effort to encourage productive investment while "expanding the tax base," or, in other words, attempting to make everyone pay their taxes (see table).

In Mexico, the top individual income tax rate was 55 percent just a few years ago, but has dropped to 35 percent this year. Companies also saw their maximum rates reduced, from 42 to 40 percent in 1989, and reduced further to 35 percent this year. Fiscal loopholes, however, have been closed. Tax breaks benefitting hundreds of groups, from peasants and cattle raisers to taxi drivers and authors, have been eliminated. Business and professionals have seen many of their favorite deductions disallowed, including restaurant entertaining.

Leona's quip

Is it fact or wish?

"IN THIS WORLD," said Benjamin Franklin in 1789, "nothing is certain but death and taxes." But in 1989, American billionairess Leona Helmsley was quoted in court as having told her housekeeper, "We don't pay taxes. Only the little people pay taxes."

The fact the Mrs. Helmsley was eventually convicted of tax evasion doesn't necessarily prove Mr. Franklin right. A poll in *Cambio 16*, a Spanish weekly, showed 84 percent of all Spaniards do not believe the rich fully pay their taxes.

—*S.S.*

In a country where paying taxes has been the exception rather than the rule, enforcement of tax laws has become more intense. Just two years ago, only one out of 100 returns from companies or individuals were audited by the authorities. That figure is now one out of 10. And the courts are responding too. Between 1921 and 1988, Mexico's judicial system returned only two tax evasion convictions: the only two cases the Finance Secretariat ever pursued. In 1989, however, there were 49 tax evasion convictions.

The new fiscal policy has not come without social costs. Business groups and some individuals have complained of "fiscal terrorism"—a complaint which, in most cases, merely reflects a nostalgia for the days when tax compliance problems could be solved with a bribe. Moreover, the complexity of the new tax laws, which in many cases are not fully understood even by officials empowered to enforce them, remains an enormous obstacle to compliance in a country beset by widespread illiteracy.

In other Latin American countries, tax reform has also become a major part of strategies used to combat economic crises. In both Brazil and Argentina, the governments are attempting to broaden their existing tax base while both have inherited sharply reduced maximum rates from their predecessors. In Brazil, the top rate has dropped from 60 to 29 percent; in Argentina, from 45 to 35 percent.

In both countries, tax reform faces formidable obstacles, from the influence of powerful lobbies to a lack of enforcement officers. No obstacle is greater to overcome, however, than the public's perception that a privileged few will continue to get preferential treatment. At a time when restaurant entertainment has been disallowed as a bona fide business expense, for example, Mexican government officials continue to get lavish restaurant expense accounts. Many middle class tax payers, in Mexico as well as everywhere else, are convinced that the rich do not pay a full share of their taxes.

In Latin America, however, it is both the rich and the poor who manage to circumvent the tax system. The rich can evade paying their fair share because they have the best lawyers and accountants; the poor because, like the Mexican lottery lady, they cannot even begin to understand the system, so they don't even try. This leaves a relatively small middle class, whose taxes are automati-

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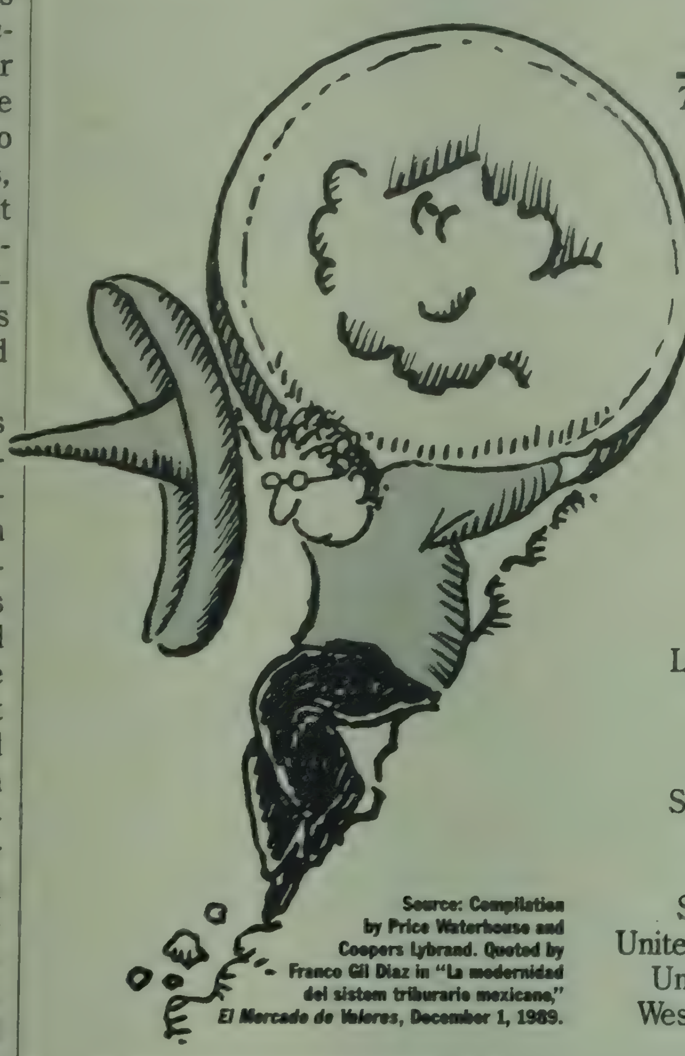
Sergio Sarmiento, editor-in-chief of *Encyclopaedia Britannica, Inc.* (Latin America), is also a newspaper columnist and radio commentator in Mexico.

cally deducted from their paychecks, to carry an inordinate share of the tax burden.

The emergence of a thriving informal economy, enterprises not legally recognized by the government, among Latin America's poor—described by social scientist Hernando de Soto in his book *El Otro Sendero* ("The Other Path")—is not the result of attempts to avoid paying taxes, but rather the result of an administrative system tailored to the needs of more-developed countries.

Mr. de Soto's work has been fundamental in changing some Latin American tax authorities' attitudes about the informal economy. In the past it was thought that anyone who did not have enough education to understand the law, or sufficient financial resources to hire lawyers and accountants, would be confined to the low-skill workforce. Now, governments are beginning to recognize that the informal economy represents an entrepreneurial spirit which should not be curbed.



JOHN MAHONEY

A taxing burden

Top tax rates for individuals fall

Country	1985	1989
	(percent)	
Argentina	45	56
Austria	62	50
Belgium	21.5	58
Brazil	60	29
Canada	34	27
Chile	56	50
Denmark	73	72
Finland	51	44
France	65	56.8
Ireland	65	58
Italy	65	50
Japan	70	50
Luxembourg	37	58.8
Mexico	55	40
Norway	40	27.5
Panama	56	56
South Korea	70.1	63.7
Spain	66	56
Sweden	80	72
Switzerland	11.5	11.5
United Kingdom	60	60
United States	50	28
West Germany	56	56

Source: Compilation by Price Waterhouse and Coopers Lybrand. Quoted by Franco Gil Diaz in "La modernidad del sistem triburario mexicano," *El Mercado de Valores*, December 1, 1989.

"Anyone who walks around the streets of downtown Mexico City, or of any other important city in Mexico cannot fail to notice that the underground or informal economy exists," says Francisco Gil Diaz, income undersecretary at the Finance Secretariat. "Should the authorities repress the (informal economy)? I don't think so. These activities must be channeled, not eliminated."

Official recognition of the informal economy, which is not only beyond the reach of the tax system, but of all other legislation, has yet to result in a simplification of bureaucratic procedures that would allow the informals to join the legal economy. A recent study by Mexico's City's Chamber of Commerce estimated that 32 different legal steps were necessary to establish a business in Mexico's capital. An official at this chamber confided that it is still virtually impossible for anyone without a formal education or the help of a lawyer to set up a legal company in Mexico.

Mexico City's municipal government has attempted to give a semblance of legality to the informal economy by charging sidewalk merchants a tax for the use of public space. This does not automatically turn such merchants into legal companies, with all the pertaining rights and obligations, but it at least grants them some kind of official recognition.

Undersecretary Diaz doesn't think that Mexico has found a solution to all the inequalities and shortcomings of its tax system. "We are not in the happy world of Voltaire's *Candide*, where things were right just because of the fact they were. We still have much to do, we must fine-tune, strengthen and simplify fiscal measures."

For the time being, Mexicans are apparently breaking their tradition of not paying taxes. Fear of prosecution has become the most important incentive, at least among the middle class. But the system is still not perceived as fair by most taxpayers. And while this perception continues, complaints of "fiscal terrorism" will continue to mar the government's efforts to convince taxpayers that, in the long run, everyone will benefit from tax compliance.◆

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UK poll tax hated by all

The fee that could bring down Thatcher's government

By David Sinclair
in London, United Kingdom

A CARTOON IN a recent issue of the British political weekly *The Spectator* depicts two devils supervising the punishments of hell. One devil holds in his hand a paper labelled "Poll Tax" and is saying to his colleague: "I wish we'd thought of this."

The notion of the poll tax as cruel and unusual punishment has taken hold not only among the majority of people who have to pay it, but also among a large section of Prime Minister Margaret Thatcher's ruling Conservative Party.

The poll tax, officially known as the community charge, was devised by the Conservatives as a fairer alternative to the domestic rate, a tax on households through which local governments or councils raised money for community services.

Under the old household tax system, a widow living alone was obliged to pay the same amount as a family of four wage earners living in an identical house next door. Under the new poll tax, the widow's bill is one quarter that of her neighbors, because the charge applies to every citizen over the voting age of 18 (hence the name "poll tax").

Although some people are paying less, people living alone in areas where domestic rates were relatively low have found that their local tax bill has more than doubled. The effect of such an increase on families of modest income, and with children over 18 living at home, can easily be imagined and explains both the political damage to the Conservatives and some of the worst civil disorder Britain has seen since the 1930s.

Because every local council determines the poll tax rate according to community funding needs, the poll tax varies —anywhere from 168 to as much as 770 pounds per year (US$284 to $1,300).

Earlier this year, anti-poll tax demonstrations turned into riots in many parts of the country. In London, 331 policemen and 86 civilians were injured and millions of pounds' worth of damage was done to property when a huge rally to protest the poll tax erupted into violence.

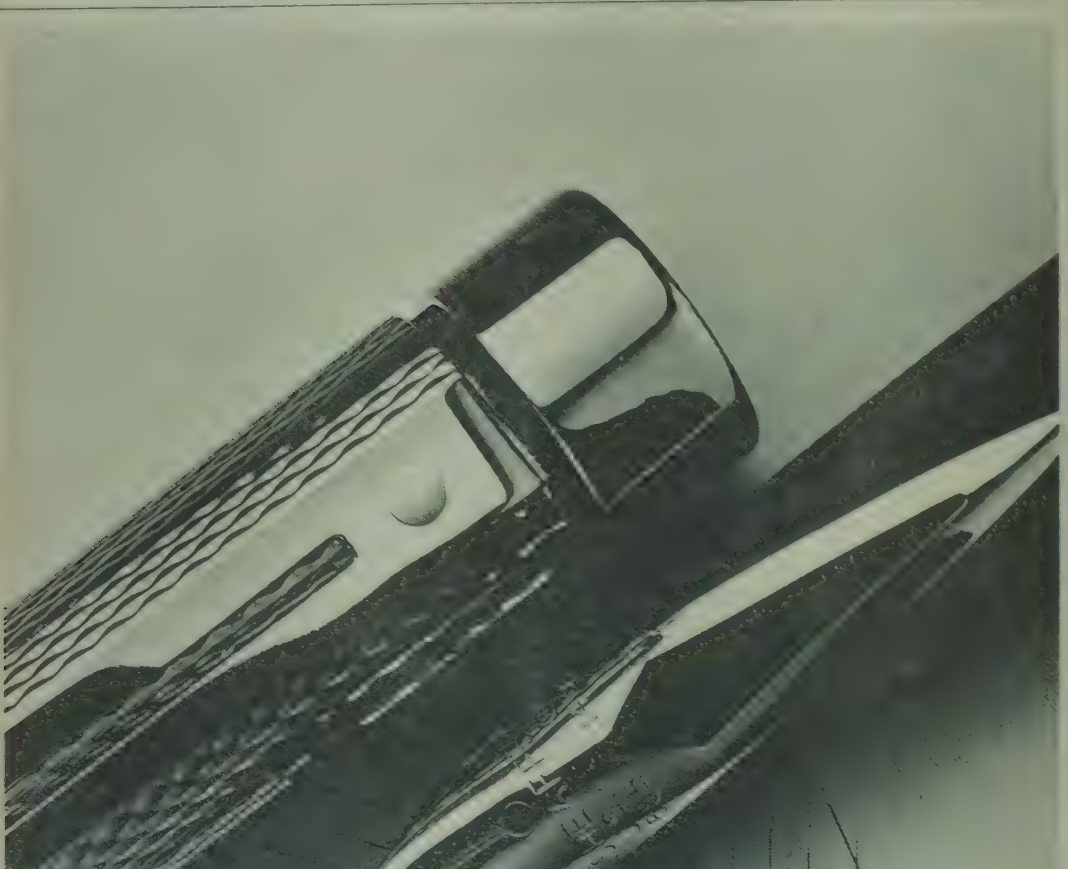
Thatcher's government is desperately trying to find ways of making the poll tax politically acceptable before the next national election, which must take place no later than 1992. Opinion polls and local voting trends indicate that if an election were held now, the opposition Labor Party would win by a landslide.

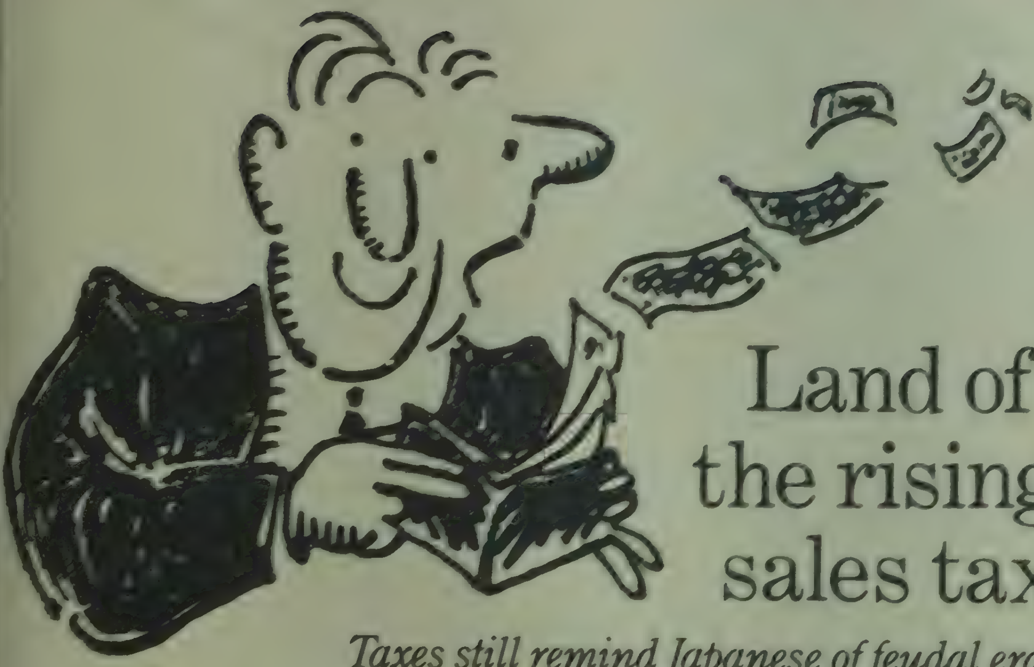
Even people who are paying less in poll taxes than they did under the old household tax rate system believe the poll tax is unfair because it takes no account of a person's ability to pay.

As the Conservative Member of Parliament Sir George Young put it, "We have devised a system where the gainers feel guilty and the losers feel livid."

For all its simplicity, practicality and logicality, the concept of the poll tax has been shown to contain one perhaps fatal flaw: it offends the fabled British sense of fair play.◆

David Sinclair is a writer and journalist based in Europe.





JOHN MAHONEY

Land of the rising sales tax

Taxes still remind Japanese of feudal era

By Akiyuki Konishi
in Washington, USA

DURING ITS MEIJI modernization period (1868-1912), Japan imported Prussian drill instructors, American agricultural experts—and a Western tax system. But to the Japanese, the concept of taxation was only familiar from feudal times, when powerful warlords levied taxes from "up above" on farmers and merchants "down below" while the favored, such as the samurai (warrior) class, never payed.

Taxation was seen as a sacred prerogative of the emperor's government to raise revenue to strengthen the ruling class, not to make the people rich or healthy. Unfortunately, the political psychology of the Japanese public is not yet free of this feudal legacy despite several eras of rapid modernization. Post-war democracy has failed to make the people realize they pay taxes for their own benefit.

Last summer, a disillusioned Japanese electorate denied the ruling Liberal Democratic Party (LDP) a majority in the House of Councillors, Japan's upper house, in the wake of several embarrassing government scandals (Prime Minister Noboru Takeshita's tainted stock deal, closely followed by Prime Minister Sosuke Uno's geisha problems).

As if those shenanigans weren't enough, the increasingly irate public felt there was another reason to vote against the LDP: a new sales tax enacted earlier that year.

Approved by the Diet, Japan's parliament, at the end of 1988, the tax was the outcome of nearly eight years of haggling among politicians, bureaucrats and businessmen. During the extended haggling, the sales tax, sometimes known as the "jumbo indirect tax," was put on and off the government agenda many times before it was finally introduced to the Diet in the summer of 1988 along with five other tax reform measures, including income tax reduction legislation.

These measures comprised the first major tax reform package in Japan since 1948 when the taxation system was overhauled on the advice of American experts. LDP politicians and Ministry of Finance (MOF) officials boasted that this latest reform package would put Japan on the fast track to the 21st Century.

Indeed, the new tax package helped balance the ratio of direct to indirect taxes, which had long favored direct taxes on wages. But during the extended wrangling over the legislation, the government made many concessions to industrialists and merchants. So many, in fact, that laymen got the impression that the industrialists and merchants were getting more than their fair share of tax breaks.

Although the sales tax was set at a modest three percent, Japanese housewives, and even children, felt as if they were absorbing the full brunt of the new tax, not only because they do most of the daily small-item shopping, but because they now had to constantly carry a heavy supply of small change.

The LDP's failure to gain a majority in the House of Councillors was attributed at least in part to the housewives' revolt against the new tax. But beyond that, passage of the new sales tax legislation seemed to herald a wave of bad luck for the LDP. Noboru Takeshita, who introduced the legislation to the Diet, had already resigned as the prime minister because of a stock scandal. Sosuke Uno, who succeeded Takeshita, was plagued by several geisha scandals as soon as he came to power and had to resign after this electoral loss.

In elections for the House of Representatives (the lower, but politically more important house) early this year, the LDP retained more than enough seats for a majority under the leadership of party head Toshiki Kaifu.

But the Japan Socialist Party, led by Takako Doi, made impressive gains in that election due in no small part to the party's ability to tap into the rising reservoir of anger at the LDP and their policies, including the sales tax. But the LDP held its grip on the lower house and the new tax survived. Delicate negotiations are continuing for its "revision."

It is commonplace even among politically developed nations for citizens to view any advantage they can gain over the tax system as their "right." But tax evasion in Japan is also linked to the public's perception that Japanese tax officials distribute the tax burden unfairly.

In a typically Japanese form of wordplay, they once referred to the tax system as "Kuroyon," (the name of a hydro-electric dam in central Japan). Each syllable and vowel combination in the word "Kuroyon" refers to a cynical perception of how much each class is taxed. For instance, most wage earners get 9 (ku) out of ten yen of earned income assessed, while merchants get six (ro-ku) and farmers only four (yon).

A more recent version of this wordplay reflects growing cynicism over the fairness of the tax system. The recent version is "Tohgoh Sanpin" (Tohgoh is a famous admiral and sanpin is an old slang meaning poor soldier). Wage earners are assessed on ten (toh) out of ten yen, merchants on 5 (go) out of ten, while farmers get assessed on three (san) and politicians one (usually ichi, but sometimes called pin). ♦

Akiyuki Konishi is former North America bureau chief for Japan's *Mainichi Shimbun*.

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The price of a free market

Will East Europeans want to pay capitalism's admission fee?

By Andrzej K. Wroblewski
in Warsaw, Poland

"CAPITALISM," SAID Winston Churchill, "is unequally shared wealth, while Socialism is equally distributed poverty." And even though Eastern Europeans have proven how fed up they are with equally distributed poverty, will they be prepared to pay capitalism's admission price—the burden of taxes?

The concept of using taxation as anything but an ideological tool may be difficult for societies steeped in socialist methods of production.

The socialist state, which is the owner of almost everything that manufactures, services, transports, sells and buys, has the power to raise revenue from any economic endeavor. The wages of workers employed by the state do not have to be taxed at all—though this does not make the workers any richer.

Most workers in Eastern Europe could not comprehend their Western neighbors' continuous complaints about taxation. One East bloc country did not tax wages at all and a few others, such as Poland, Romania, and Hungary, levied taxes below nine percent of workers' wages—phenomenally low rates by West European standards.

Two small social groups in the East, however, were able to comprehend what all the griping in the West was about. Artists and entrepreneurs payed 20, 30 or even up to 35 percent of their wages in taxes.

The reason for these exceptions were ideological rather than economic. These people were considered "less socialist," so their income was deemed "less socialist" too and was taxed higher.

But the state is ceasing to be the only employer and income from different sources should be taxed on an equal basis.

Hungary has been in the vanguard of the socialist tax law revisions, introducing a universal income tax system in 1988. A few years before the law was introduced there, workers in state-owned companies were allowed to form their own enterprises and work overtime at the factory for their own benefit. Profits from this moonlighting were tax-free, at least until the new tax system targeted this supplemental income as another source of state revenue—a good example of the economic chain reaction reforms generate.

By next year, Poland and Czechoslovakia hope to introduce their own universal income tax system. Will people cheat? Yes, they probably will—like everywhere. But no more, it seems, than in Western countries.

The citizens who were controlled by the state only yesterday have to control themselves now—and to control means to finance as well.◆

Andrzej Wroblewski is editor-in-chief of [illegible] Gazette in Warsaw, Poland.

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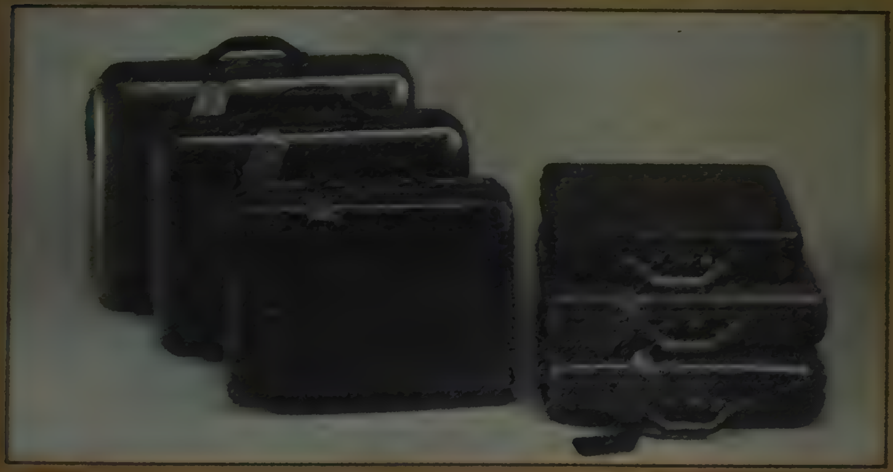

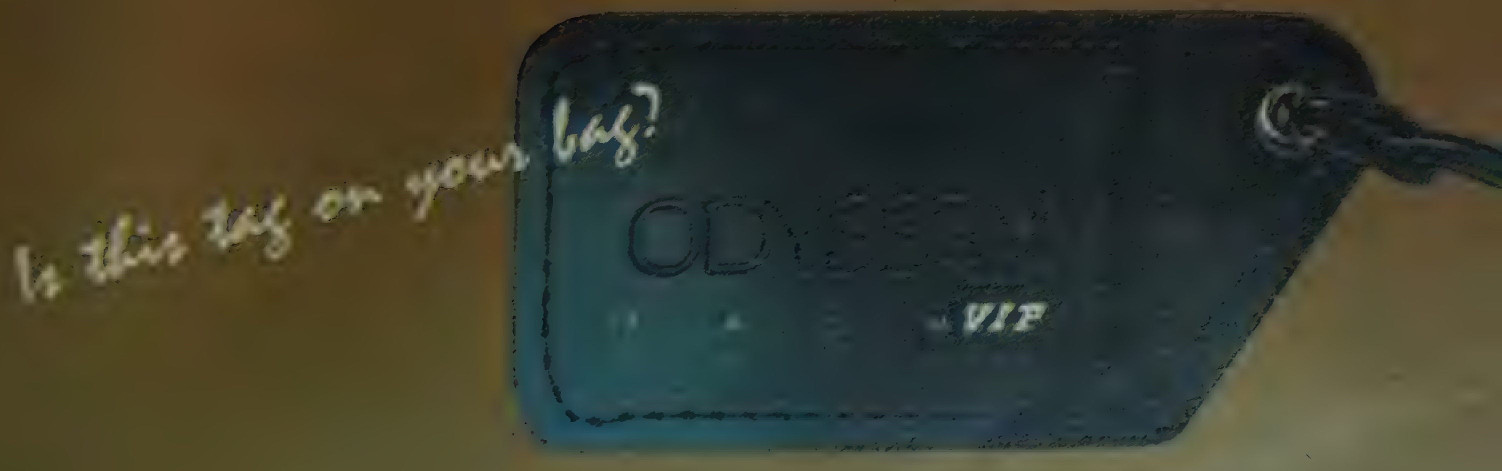

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POWMEX in collaboration with the world leader BOHLER of Austria is setting up a Rs. 700 million high-tech plant near Titlagarh in Orissa. This will put the Indian High Speed Steel on par with the finest available in the world. POWMEX product mix includes both Tungsten and Molybdenum High Speed Steel of various sections in rounds. flats and squares and are indispensable for making drills, reamers, dies, forming tools, punches, special bearings etc. The tools made out of Super High Speed Steels will bring about a seachange in their durability and quality, turning out better components.

POWMEX reduces imports and saves precious foreign exchange to up-hold the country's ideal of self-reliance and growth.

Sobhagya/PSL/6901

POWMEX

Powmex Steels Limited
(AN ASSISTED UNIT OF IPICOL)
Administrative Office: 8-2-621/A, Road No. 10,
Banjara Hills, Hyderabad - 500 034.
Registered Office: Turla, Bolangir Dist. Orissa.

POWMEX Redefining the future of High Speed Steel

Comet Steel

Other income substantially higher; sharp escalation in prices of HR strips; rights convertible debentures proposed to finance cost overrun of expansion; CR strips industry getting competitive.

Comet Steel has reported improved results for the year ended March 1990. The company's net sales has recorded a handsome growth with other income registering an over twofold increase. Operating profit improved by 37 per cent to Rs.7.94 crore (Rs.5.80 crore) despite higher tax liability.

Cost of goods sold/consumed as a percentage to sales has risen from 81.7 to 93.1 per cent. This is due to sharp escalation in the cost of hot rolled (HR) strips, the main raw material.

Comet Steel *(Rs crore)*

Year ended	31 March 90	31 March 89	% change
Net sales	64.03	45.15	42
Other income	6.53	2.13	206
Cost of goods sold	62.62	38.86	61
Employees' cost	0.48	0.37	30
Other expenses	2.74	2.22	23
Interest	2.05	1.72	19
Depreciation	1.12	1.04	7
Tax	0.77	0.48	60
Net profit	4.00	2.56	56
Equity capital	9.66	9.66	
Reserves & surplus	18.81	14.15	
Borrowings	44.03	26.34	
Net block	51.83	29.92	
Dividend (%)	17.00	11.00	
Market price (Rs.)			
Current:	20.00		
1990: High	26.00		
Low	18.00		

By end March this year, the company completed the expansion of its cold rolled (CR) strips capacity from 10,000 to 50,000 tpa. This involved a cost overrun of about Rs.7 crore due to changes in equipment specifications as also civil costs. The expansion cost of Rs.32 crore was partly financed by the rights issue of shares made at par in 1988-89. The company, in order to part finance the cost overrun, proposes to issue convertible debentures aggregating Rs.5.5 crore, besides a term loan of Rs.4.92 crore from financial institutions.

Sales volume of CR strips, during the year, was marginally lower at 28,889 tonnes (29,150 tonnes), however sales realisation per tonne was higher by 14 per cent at Rs.18,547 (Rs.16,257). As a result, sales of CR strips gained increase in value by 13 per cent at Rs.53.58 crore. Also sold were 3,596 tonnes of iron and steel valued at Rs.13.67 crore. Incidentally according to the company's balance sheet, purchases for resale (trading) showed Rs.16.68 crore. However, company sources claim that part of the sale proceeds is included as sale of CR strips. The other income includes sale of scrap amounting to Rs.6.38 crore (Rs.1.93 crore), if not for this unusual income, the company would have been in the red.

Borrowings increased by Rs.17.69 crore. Ploughback of profits amounted to Rs.2.36 crore. Reduction of Rs.1.89 crore in working capital requirements was another source of finance. These funds were utilised to finance additions to the gross block of Rs.21.91 crore.

EPS has improved from Rs.2.65 to Rs.4.1. The company has raised dividend to 17 per cent (previous year 16 per cent pro rata on rights shares). Payout ratio was higher at 41.3 per cent (38.3 per cent). Profitability margins were under pressure due to escalation in input costs. Operating margins declined from 11.7 to 10.8 per cent and gross margins to 8 per cent (8.2 per cent). Net margins improved marginally to 5.4 per cent (5.2 per cent).

The company's entire production is utilised by its sister company, Sipta Coated. While Comet plans to expand its capacity to 1 lakh tonnes, Sipta plans backward integration by setting up a CR strips plant with a capacity of 50,000 tonnes. Lloyds Steel, another group company, has received a licence to manufacture 1.5 lakh tonnes of CR strips.

The CR strip industry is more competitive today with a number of units planning expansion. The prices of HR coils, the major raw material for CR strips is falling, but so are prices of CR strips. Comet's share price currently at Rs.20 discounts its EPS by about five times. The industry's average price earning ratio is nine times.

Choksi Tube

Escalation in input costs; new project pushes interest and depreciation substantially higher; dividend maintained on enhanced equity base; higher payout ratio

Choksi Tube has suffered a setback in its working for the year ended December 1989, due to escalation in input costs, higher interest and depreciation charges. The company manufactures stainless steel (SS) tubes and, last year, diversified into the manufacture of seamless carbon and alloy steel tubes.

Total income went up by 68 per cent, sales volume of SS tubes increasing by 10.4 per cent at 751 tonnes (850 tonnes in the previous 15-month period). This increased the sales realisation per tonne by 47 per cent to Rs.1.95 lakh (Rs.1.33 lakh). But escalation in input costs more than neutralised the gains.

Raw materials cost, as a percentage to sales shot up from 65.6 to 81.9 per cent. This was due to higher content of imported raw materials at 47.5 per cent (13.1 per cent). Nevertheless, operating profit was up by 142 per cent to Rs.4.12 crore (Rs.2.13 crore). Interest cost was substantially higher by 24 per cent to Rs.2.37 crore (Rs.0.87 crore). Depreciation charges was higher combined by a threefold increase in depreciation charges. Thus, pre-tax profit showed an increase by a mere 5.5 per cent. However, due to lower tax liability, net profit increased substantially.

The project to manufacture seamless carbon and alloy steel pipes went into

Choksi Tube *(Rs crore)*

Year ended	31 Dec 89	31 Dec 88*	% change☆
Net sales	15.17	11.38	66
Other income	0.22	0.09	205
Stores & spares consumed	1.06	0.54	145
Raw materials & components consumed	12.42	7.47	108
Employees' cost	0.94	0.81	45
Other expenses	2.10	1.54	70
Interest	2.37	0.87	240
Depreciaton	0.94	0.30	291
Tax	0.08	0.13	− 23
Net profit	0.73	0.83	10
Equity capital	4.26	1.78	
Reserves & surplus	5.06	2.87	
Borrowings	24.67	10.90	
Gross block	29.15	22.80	
Dividend (%)	18.00	22.50	
Market price (Rs.)			
Current:	55.00		
1990: High	63.00		
Low	24.00		

**15 months ☆ annualised*

production in mid 1989. The capital cost of Rs.23 crore was partly financed by the premium rights issue made in early 1989 and the balance from term loans and internal accruals. Borrowings — partly for addition to the gross block and the balance for meeting the increase in working capital by Rs.12.48 crore — increased by Rs.13.44 crore during the year.

Last year, the company had a negative working capital due to lower inventory levels and outstandings and higher credit from suppliers. The average number of days for which stock was held increased from 118 to 257 days and the average number of days debtors were outstanding increased from 60 to 100 days. Further, sundry creditors were lower at Rs.6.81 crore (Rs.12.55 crore). Thus, against a negative working capital of Rs.5.74 crore in the previous period, working capital during the year under review was Rs.6.74 crore, an increase of Rs.12.48 crore.

Dividend was maintained at 18 per cent on a post rights equity capital. This is with a payout ratio of 90 per cent (14 per cent). Due to an expanded equity base and reduced profits, EPS has slipped from Rs.3.8 (annualised) to Rs.1.7. Operating margins improved considerably from 18.6 to 26.8 per cent. However, due to higher interest charges, gross margins improved only marginally from 11 to 11.4 per cent, Net margins declined to 4.7 per cent (7.2 per cent), while return on networth declined from 17.9 to 7.8 per cent.

Production in the current year at the new project has increased substantially from 324 tonnes. Seamless carbon and alloy steel pipes are in good demand in the export market. The US has already booked orders worth Rs.1 crore and the company expects more export orders to follow. Exports during the year under review was Rs.25 lakh (Rs.3 lakh).

The scrip is currently at Rs.55, which discounts its price earnings ratio by about 32 times against the industry's average of 11 times.

Tomco

Exports jump; dividend up five points; 1:5 bonus with rights convertible debentures planned; a new fatty acid plant and a joint venture to be set up

Tomco has posted excellent results for the year ended 31 March 1990 mainly due to higher exports. Exports mainly to the USSR registered an over threefold increase to Rs.28.80 crore (Rs.6.14 crore).

Tomco *(Rs crore)*

Year ended	31 March 90	31 March 89	% change
Net sales	309.32	256.39	21
Other income	4.18	5.81	− 28
Cost of goods sold	205.47	178.55	15
Employees' cost	27.77	25.50	9
Other expenses	58.73	43.72	34
Interest	10.97	9.45	16
Depreciation	3.19	2.20	45
Tax	2.00	0.62	222
Net profit	5.36	2.16	148
Equity capital	8.11	8.11	
Reserves & surplus	24.21	20.60	
Borrowings	82.35	65.04	
Net block	30.00	27.72	
Dividend (%)	20.00	15.00	
Market price (Rs.)			
Current:	155.00		
1990: High	190.00		
Low	52.00		

Owing to writebank of excise duty paid, other income declined to the tune of Rs.2.65 crore. This includes other income of the previous year. Excise duty during the year was lower by 1.4 per cent at Rs.26 crore (Rs.26.36 crore) and local sales was also lower at 8.5 per cent (9.5 per cent).

Interest costs was higher so also depreciation charges. Due to a change in the method of charging depreciation on additions to gross block on a pro-rata basis as compared to providing depreciation for the full year, depreciation charges were lower by Rs.0.40 crore. With tax ratio moving up from 22.3 to 27.2 per cent, tax liability has more than doubled.

EPS jumped from 26.6 to 66.1 per cent. The company has stepped up dividend by 5 points to 20 per cent. A one for five bonus is also declared combined by a sub-division of the face value of its shares from Rs.25 to Rs.10. To raise funds for expansion and modernisation plans and to meet long term working capital requirements, the company will issue rights convertible debentures aggregating Rs.41 crore.

Of the total sales, soaps and detergents account for 80 per cent, vegetable oils 8 per cent and cattle and poultry feed another 9 per cent. Sales volume of soaps increased by 13.5 per cent to 1.06 lakh tonnes (0.93 lakh tonnes). The launch of Moti soap with the perfume of sandal was well received. Sales volume of detergents shot up by 162 per cent to 40,234 tonnes (15,339 tonnes). 'Revel Plus' a detergent powder, for with enzymes for washing machines, was also introduced. With increasing use of washing machines, it has an encouraging market. The company is also launching a shampoo with natural ingredients.

The company's main competitors in the soaps and detergents market, are Hindustan Lever, Godrej and Nirma. Tomco's operating margins improved from 5 to 6.34 per cent, gross margins to 3.11 per cent (1.73 per cent) and net margins doubled to 1.58 per cent (0.75 per cent). Hindustan Lever, however, has higher gross margins 10.4 per cent, and net margins at 5.3 per cent for the year ended 31 December 1989.

Despite stiff competition, the company was able to maintain its market share in soaps and increase its share in detergents. But escalation in input costs in the earlier part of the current year are cause for worry. The company's diversification plans include the manufacture of titanium dioxide (in Kerala). Titanium is a key input for the paints industry. To meet this increasing demand the company has set up a joint venture in Maharashtra which is expected to start operations in the last quarter of 1991. Another, joint venture is proposed to be set up in West Bengal. With the commissioning and modernisation of fatty acid plants, the company has now become self sufficient in its fatty acid plants. A new fatty acid plant at Aurangabad will go on stream by end 1990.

The scrip (face value Rs.25) currently, at Rs.155 (cum-bonus), the scrip (face value Rs.25) discounts its EPS by about 10 times.

TRENDS

Tata Tea

Tata Tea, a major producer of tea, coffee and cardamom has posted an all time high, going by the unaudited results for the 12-month year ended March 1990.

The company's turnover on an annualised basis is up by 46 per cent at Rs.270.49 crore. Of this export earnings, both direct and indirect, account for over Rs.75 crore.

As compared to last year, the company has provided 25 per cent (annualised) higher depreciation. However, the accounting adjustment made in 1987, when the company changed its depreciation policy, has boosted the net block and reserves by Rs.19.60 crore each. It must be noted that the other income of the company has been increasing every year. This accounts for a major portion of the company's pre-depreciation profits. A bulk of this income accrues from investments, agency commissions and fees.

Despite higher export earnings which is double of that earned in the 15-month period, the tax provision as a percentage of pre-tax profits has moved up 14 points at 42 per cent.

Meanwhile, the company has acquired a 52 per cent equity stake in Consolidated Coffee which includes institutional sales. But, the necessary government approvals are still to come. The company has also taken a decision to invest in Haldia Petro Chemicals Limited along with its associates, to the extent of 25 per cent amounting to Rs.1.87 crore. This is a joint venture with the West Bengal government for which the letter of intent is still awaited.

Tata Tea *(Rs crore)*

Period ending	Oct 89 to March 90	Oct 88 to March 89	Jan 88 to March 89
Total income	161.96	93.93	231.43
Raw materials cost	14.76	4.18	11.97
Salary & wages	29.35	23.80	60.25
Operating profit	45.40	10.26	39.07
Interest	6.51	4.67	10.45
Gross profit	38.89	5.59	28.62
Depreciation	2.53	1.90	5.05
Tax	15.67	0.87	6.50
Net profit	20.69	2.82	17.07
OP/T. Income (%)	28.03	10.92	16.88
RM/T. Income (%)	9.11	4.45	5.17

Shree Synthetics

Shree Synthetics, the flagship of the Bangur group, has put in a good performance during the second half of the latest year.

While net sales have gone up by only 17 per cent over the corresponding period of the previous year, gross profit has risen by more than 50 per cent. This is in fact substantially higher than the profit posted in the previous accounting period of nine months.

A better product mix has also improved profit margin to 11.9 per cent. At net level, the margin works out to an impressive 6.1 per cent against 4.1 per cent. In other words, on every Rs.100 worth of sale, the company has been able to generate a post-tax return of Rs.6.10.

Shree Synthetics *(Rs. crore)*

Period	Six months ended Mar '90	Six months ended Mar '89	Nine months ended Mar '89
Net sales	83.16	70.54	94.44
Other income	1.27	0.32	0.41
Total income	84.43	70.86	94.85
Raw materials' cost	26.52	25.63	36.45
Salary & wages	3.52	3.77	5.44
Interest	2.92	2.35	3.65
Gross profit	9.89	6.56	9.33
Depreciation	2.45	3.34	4.69
Tax	2.38	0.35	0.35
Net profit	5.06	2.87	4.29
GP/sales (%)	11.9	9.3	9.9
RM/sales (%)	31.9	36.3	38.6

Anticipation of a better outlook for the coming year has pushed the share price up steadily over the past few months. In fact, during the past one year, the share price has trebled to Rs.66.

RESULTS ANNOUNCED

Polyolefins

Polyolefins, the manufacturers of high density polyethylene catalysts and rubber chemicals has performed satisfactorily for the year ended March 1990, considering that there was a shortage of the main raw materials. Sales on an annualised basis is up by 16 per cent at Rs.209 crore. After providing for depreciation and taxation, the net profit has dipped by an equal figure in percentage terms on an annualised basis to Rs.18.14 crore (Rs.27.12 crore). The profit margins have also declined, with the gross margins pegged at 16.4 per cent (annualised).

During the year the company received an LOI to manufacture 20,000 mta of aniline, a raw material used by the company. Meanwhile, the company's plant for manufacture of PE-ULMW, a specialised grade of PE-HD, is under construction and is expected to be completed by March 1991.

Shrenuj & Co

Shrenuj & Co Ltd, which entered the capital market last year has announced encouraging results for the year ended March 1990.

On an annualised basis, net sales has increased by 55 per cent to Rs.33.74 crore (Rs.19.97 crore in the previous 11-month period), and gross profits were up by 78 per cent at Rs.3.21 crore against Rs.1.65 crore in the previous year.

Due to the labour intensive nature of the diamond industry and tax concessions offered for exports, the depreciation and tax charges are quite marginal, resulting in a healthy 70 per cent growth in net profit totalling Rs.3.03 crore against Rs.1.64 crore last year. This has prompted a higher dividend of 22 per cent against 20 per cent paid last year.

Meanwhile, the company has obtained government permission for setting up a 100 per cent export oriented jewellery unit in SEEPZ. A collaboration agreement with a leading US company is being finalised for this purpose.

The company expects better prospects for the current year also, since demand from overseas markets is likely to remain good in the near future.

Mafatlal Industries

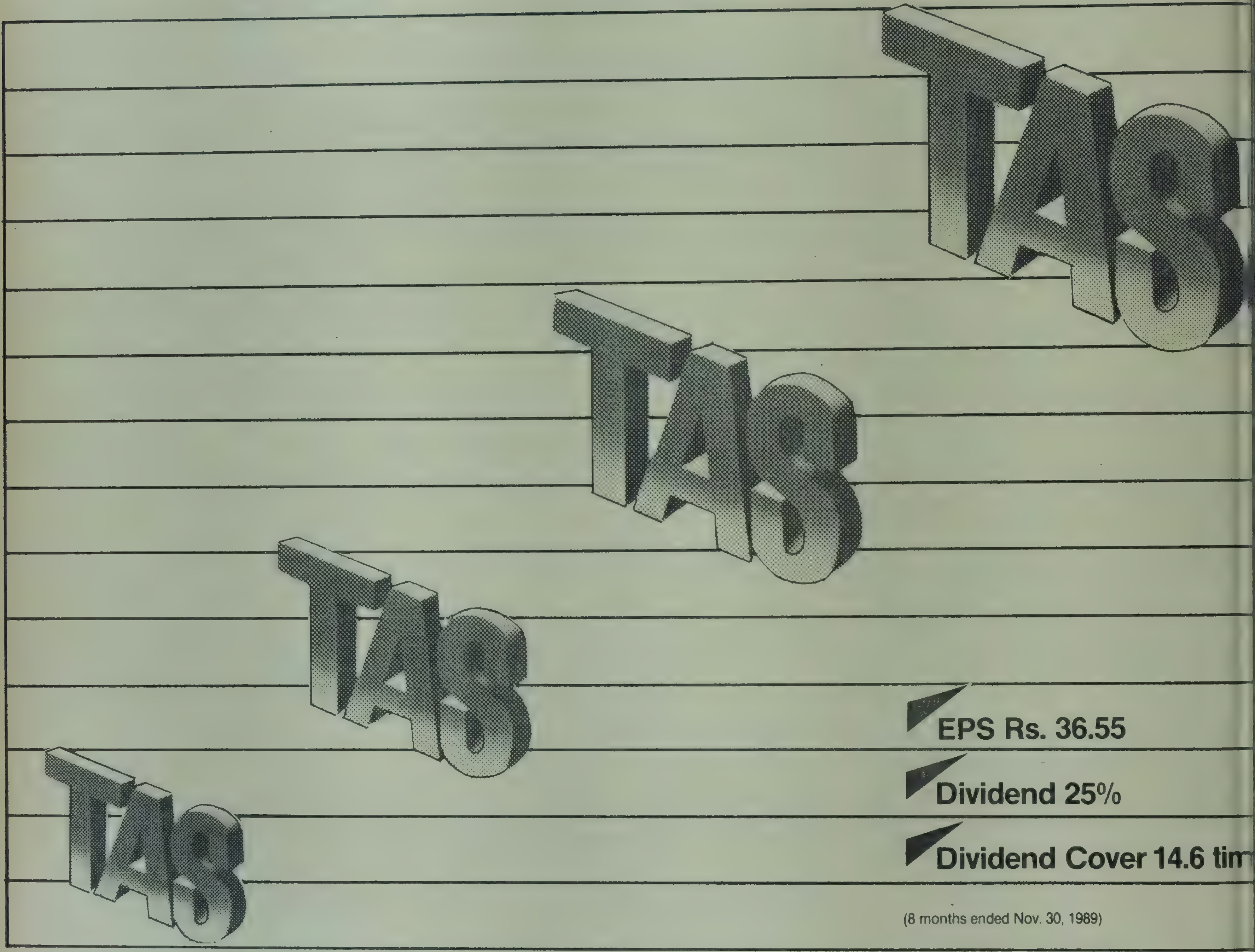
Mafatlal Industries has notched a 20 per cent higher sales at Rs.162.40 crore (Rs.135.36 crore), despite providing for higher depreciation at Rs.7.50 crore (Rs.6.86 crore) and Rs.0.60 crore (nil) for taxation. The net profit has increased five fold to Rs.3.04 crore.

Better market conditions, both local and international, combined with easy availability of cotton at reasonable prices, has improved the working of the company's textile division. The export turnover registered a sharp increase of 40 per cent at Rs.31.65 crore (Rs.22.45 crore).

The company's chemicals division was unable to keep pace with the textile division, despite the availability of a large quantity of imported dimethylaniline.

Part of Mafatlal's diversification plans includes the setting up of a project at a cost of Rs.20 crore for the manufacture of professional grade connectors in technical collaboration with Siemens AG, West Germany. This product used in the electronic and telecommunications industry is presently being imported. The company also plans to acquire an equity stake in Gujarat Gas Company, which has been promoted for the purpose of distribution of natural gas to industrial, domestic and commercial consumers in Gujarat.

Ride
The Sugarland Express...

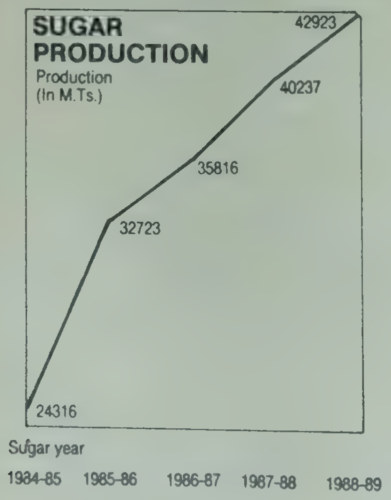


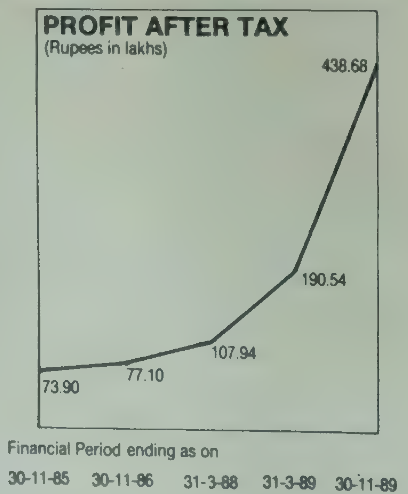
EPS Rs. 36.55

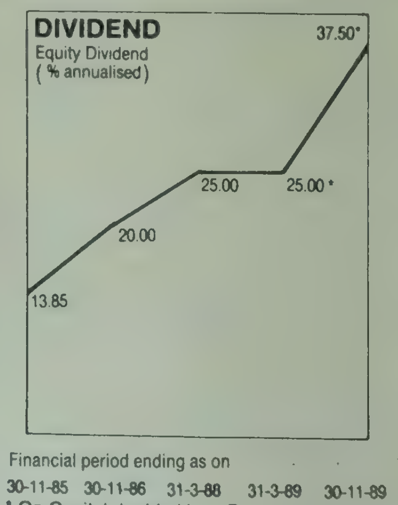
Dividend 25%

Dividend Cover 14.6 tim

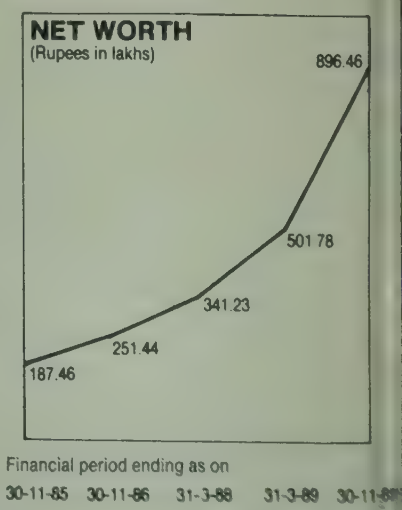
(8 months ended Nov. 30, 1989)


SUGAR PRODUCTION
Production
(In M.Ts.)


PROFIT AFTER TAX
(Rupees in lakhs)


DIVIDEND
Equity Dividend
(% annualised)

* On Capital doubled by a Bonus Issue of 1 : 1


NET WORTH
(Rupees in lakhs)

...to prosperity

Thiru Arooran Sugars Limited (TAS) — The Sugarland Express—is a well-established, profitable, dividend-paying company of over 30 years' standing in the sugar industry.

Operating at over 100% capacity utilisation, the Company has, during the last 4 years, achieved record sugar production increasing from 24316 tonnes in 1984-85 to 42923 tonnes in 1988-89, without any increase in the installed crushing capacity of 2000 tonnes of cane per day.

The sugar industry has been performing well with the increasing domestic consumption fast outstripping production and capacity. With a view to catering to the growing demand as also to effectively exploit the sugarcane potential in Thanjavur District where the original plant is located, the Company has set up a second plant with a capacity of 2500 TCD. The new plant incorporates state-of-the-art technology including the Self Setting Mills developed by Fives Cail Babcock of France, which should lead to a lower cost of production through higher extraction of sugar.

This new plant is expected to contribute significantly to future turnover and profits, especially since 90-93% of the sugar produced during the first 7 years will be eligible for sale in the open market as against the normal quota of 55%.

To part finance the new plant, the Company is entering the Capital Market with a Premium Equity Issue backed by a track record of profitability and the prospects of a bright future.

Public Issue of 14,25,000 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 15/- per share

HIGHLIGHTS

- Well-established company of over 30 years' standing and experience in the Sugar industry
- 4 Successive years of Record Sugar Production—Operating at over 100% capacity utilisation
- Average annual return of 33% by way of dividends during the last 5 financial years
- Bonus Issues in 1988 and 1990
- Both Sugar Plants have assured abundant availability of quality sugarcane in Thanjavur District, Tamil Nadu.
- No gestation—New Plant has already gone into production
- New Plant costing Rs. 25.9 crores, financed with a relatively low increase in equity base of only Rs. 142.5 lakhs
- Special Incentive of 90 to 93% free sale quota for new Plant for 7 years guarantees even higher profitability
- Easy liquidity—Initial listing on the Madras and Bombay Stock Exchanges

Note: The Company will allot the Equity Shares after 90% subscription is received in conformity with the Government guidelines.

ISSUE OPENS: JULY 10, 1990

Managers to the Issue

The Industrial Credit & Investment Corporation of India Limited
Merchant Banking Division
No. 1 Cenotaph Road
Madras 600 018

SBI Capital Markets Limited
Shakti Towers
768 Anna Salai
Madras 600 002

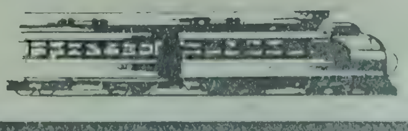
HongkongBank
Merchant Banking Division
30, Rajaji Salai
Madras 600 001

CHAMPAKLAL INVESTMENT & FINANCIAL CONSULTANCY LIMITED
Regent Chambers
208 Jamnalal Bajaj Marg
Nariman Point, Bombay-400 021.

THIRU AROORAN SUGARS LIMITED

Regd. Office: 'Eldorado', 5th Floor, 112 Nungambakkam High Road, Madras-600 034.

The Sugarland Express



Concept

Indian Seamless Metal Tubes

Indian Seamless Metal Tubes (ISMT) has churned out satisfactory results for the year ended 31 March 1990. On an annualised basis, the turnover has leaped by 40 per cent to Rs.60.58 crore. With gross profit margins maintained at 10.8 per cent, gross profit has also increased proportionately to the turnover to Rs.6.51 crore. After providing higher depreciation of Rs.1.74 crore (Rs.1.68 crore) and Rs.0.73 crore (Rs.0.65 crore) for taxation, at net level the profit works out to Rs.4.05 crore (Rs.3.51 crore).

In view of the improved performance, a final dividend of 10 per cent has been declared, which together with the earlier interim, totals to 20 per cent. The bonus shares allotted during the year will also be entitled to the full years dividend, thus, this works out to 35 per cent on prebonus capital. Nevertheless the dividend of Rs.0.77 crore is covered five times over by the profit.

Meanwhile, the company has completed the pilger mill project which will enable ISMT to reach the bearing tube market worldwide. It has also embarked upon an expansion programme for increasing the capacity by 20,000 tonne to 50,000 tonne, at a project cost of Rs.37.50 crore. This is scheduled for commissioning by mid-1992. In order to part finance the project, a rights issue of convertible debentures is slated for sometime in September/October 1990.

Arvind Mills

Arvind Mills has recommended a higher dividend of three points on an annualised basis at 27 per cent for the year ended March 1990. Sales has grown on an annualised basis by 17 per cent at Rs.179.49 crore. With the profit after tax registering a growth of 69 per cent at Rs.5.25 crore, the earnings per share has moved up from Rs.4.43 to Rs.7.36 yielding a growth rate of 66 per cent.

The company's thrust is on exports, a search for high value products that are less vulnerable to competition from powerlooms, and in cost reduction. The strategic product groups comprise of denim and high-quality superfine cotton fabric.

Currently, the company is streamlining its electronic division. In June 1989, the company made a rights cum public issue to double the denim capacity to 60,000 metres per day. This new plant is slated to commence production by October 1990.

The company also proposes to take over Nagri Mills. All legal formalities for this are expected to be completed within two months.

Cadbury India

Cadbury India in which Cadbury Schweppes, UK holds 40 per cent of the equity, has increased its dividend marginally on an annualised basis to 35 per cent for the year ended March 1990.

Sales on an annualised basis is higher by 20 per cent at Rs.108.35 crore. Both gross and net profit would have been higher, but for the increased depreciation of Rs.2.56 crore (Rs.1.33 crore) and an interest burden of Rs.3.10 crore (Rs.1.47 crore). This increase is due to a Rs.10 crore investment in the Melanpur factory to manufacture chocolates and other related products. The factory commenced production in March 1990 first with chocolates and subsequently with high protein drinks.

Meanwhile, even as the company launched the Dollops range of ice creams in the country, it decided to shelve its diversification plans into the computer software business for which it had applied to the company law board and also received shareholders' approvals.

Titan Watches

Titan Watches, a Tata group company, has registered substantially improved results for the year ended March 1990. Turnover during this period has totalled Rs.74.61 crore against Rs.28.02 crore in the previous 9-month period ending March 1989, showing a smart rise of about 100 per cent on an annualised basis. Gross profits have also registered a 68 per cent rise to Rs.15.60 crore (Rs. 6.95 crore) coupled with a massive 202 per cent jump in net profit amounting to Rs.4.33 crore against Rs.1.07 crore recorded previously.

Enthused by this improved performance, the company has announced a maiden dividend of 15 per cent. The earnings per share for the current year on the equity capital base of Rs.24 crore works out to Rs.1.80.

During the last year, the company had issued rights convertible debentures to shareholders. This has been converted into equity shares with effect from 1 April. The post rights equity capital now stands at Rs.26.76 crore.

Special Steels

Special Steels Ltd, a Tata Steel subsidiary, engaged mainly in the manufacture of various types of high quality steel wires has seen an increase in turnover by 27.15 per cent at Rs.212.52 crore. Profit after tax has gone up by 24.5 per cent.

Production in both the wire rod mill division and the wire division have gone up — the latter by 26 per cent (annualised), while steel wire production has gone up by 15 per cent (annualised).

A dividend of 25 per cent on equity shares for 1989-90 has been proposed on an enhanced capital, increased by the issue of bonus shares in the ratio of 1:2.

IN BRIEF

Pearl Polymers, manufacturers of PET bottles and containers has recommended a dividend of 20 per cent for the year ended March 1990. Both the company's plants are presently working at 100 per cent of their rated capacity. Production capacity is likely to be expanded threefold by September 1990 with an investment of Rs.10 crore.

Aurangabad Mills belonging to the Mittal group has decided to expand and modernise its manufacturing activities This includes diversifying into the manufacture of 16,500 tonnes of writing and printing paper at a cost of Rs.17 crore, to be completed by December 1990. With this, manufacturing capacity will be pegged at 33,000 tpa.

J.B. Chemicals has recommended a fina dividend of 9 per cent in view of increased sales at Rs.42.67 crore for the nine-month year ended March 1990.

NSL's export oriented shoe uppers/ful shoes project is nearing completion Meanwhile, the company has received an LOI to manufacture 900,000 pairs of shoe uppers and 600,000 pairs of full shoes Modernisation of the cold rolled strips and cold roll formed sections is completed. This will enable the company to cross the Rs.100-crore (Rs.80 crore last year) mark in terms of turnover for the current financial year.

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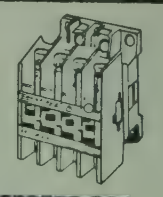

STANDARD B&J
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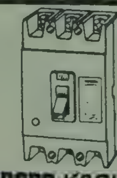

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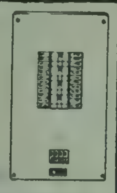

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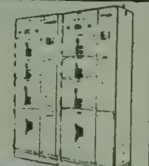

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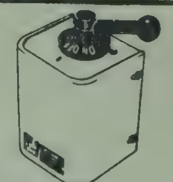
Centres



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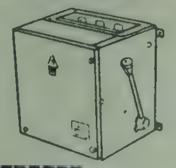

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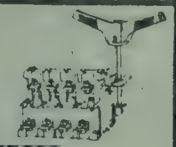
Fuse Switch Units



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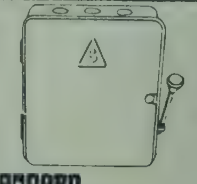
Amps.



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Thiru Arooran Sugars

Thiru Arooran Sugars (TAS) is a closely held 30-year-old profit making and dividend paying company. The company was promoted in the early fifties with a crushing capacity of 1,200 tonnes per day (tpd), which was subsequently increased to 2,000 tpd. Modernisation of the plant in the eighties resulted in efficient operation. "This enabled the plant to achieve a capacity utilisation of 130 per cent during the last four years from 24,316 tonnes in 1984-85 to 42,923 tonnes in 1988-89," explains R.V. Tyagarajan, chairman and managing director of TAS.

The company has commissioned a second plant with a capacity of 2,500 tpd. This new plant incorporates the technology which includes the 'self setting mills' developed by Fives Cail Babcock of France. "This would lead to a lower cost of production through higher extraction of sugar," says Tyagarajan. The expansion cost includes the utilisation of a high pressure boiler of 64 tonnes per hour capacity. "The bagasse generated in the sugar factory would be more than adequate to meet the fuel requirements of the boiler," adds Tyagarajan.

The sugar industry in general has been performing well with increasing domestic consumption outstripping production. This has lead to a steady liberalisation by the government of increasing the free sale quota for existing sugar factories from 35 per cent (1984-85) to the current 55 per cent. In the case of new sugar factories licensed during the Seventh Plan period, the quota will range from 90 to 93 per cent for a period of seven years. TAS' second plant is eligible for this facility.

Thiru Arooran Sugars

Issue opens	10, July 1990
Size of the issue	Rs.3.56 crore
To Indian public	Rs.3.15 crore
Instrument	Equity shares of Rs.10 each at a premium of Rs.15 per share, of which Rs.12.50 payable on application and balance due on allotment
Promoters	R.V. Tyagarajan
Object of the issue	To part finance the second sugar plant.
Cost of expansion	Rs.25.90 crore
Plant location	Thanjavur, Tamil Nadu
Listing	Bombay, Madras

TAS' future diversification plans include forays into basic chemicals and agro-based products.

India Infusion

India Infusion Ltd is a new company which will manufacture sterile intravenous solutions. The company is setting up a plant in Gujarat at a total cost of Rs.4.12 crore. This will be financed by an equity capital (Rs.1.39 crore), term loans (Rs.2.24 crore) and unsecured deposits from promoters (Rs.49 lakh). Of the total project cost, more than 50 per cent, at Rs.2.08 crore, is the cost of imported plant and machinery. The plant, scheduled to go on stream in September 1990, will make 5.3 million bottles a year when fully operational.

India Infusion

Issue opens	18, July 1990
Size of the issue	Rs.1.39 crore
To Indian public	Rs.0.67 crore
Instrument	Equity shares of Rs.10 each at par, of which Rs.5 payable on applicaition and balance due on allotment
Promoter	Ramesh Desai
Project	Sterile intravenous solutions
Listing	Ahmedabad and Bombay

According to R.B. Desai, the main promoter and the managing director of the company, the consumption of intravenous solutions has increased rapidly. Desai is a graduate in chemistry with considerable experience in this field. At present there are a large number of units manufacturing solutions but most of them use glass bottles. India Infusion will pack their products in plastic bottles which are safer and more hygenic. Three other manufacturers also produce similar products in plastic bottles: consumer preference is tilting in favour of plastic packaging and prospects for the plastic bottle manufacturers seem to be better.

The company's plant is based on the form-fill-seal technology with fully computerised plant and machinery supplied by Rommelag of Switzerland. This equipment, called the 'bottlepack system', will form, fill, seal and code the polymer containers in one single automatic microprocessed controlled operation, "thus giving zero rejection, low manpower requirement, and efficient utilisation of power," explains Desai.

Modern Steels

Modern Steels Ltd is an existing profit making mini steel unit located at Gobindgarh in Punjab. The company's mini steel plant began production in January 1976 with an installed capacity of 9,000 tonnes of steel per annum. In 1977, the capacity of the plant was raised to 18,000 tonnes and then to 36,000 tonnes in 1984. The company has three furnaces with a combined capacity of 28 tonnes of steel, one oxygen plant, a concast system and a rolling mill. Sales grew from Rs.7.02 crore in 1984 to Rs.38.89 crore in 1989-90. Profit after tax was Rs.1.26 crore implying a net margin of only 3.2 per cent.

Owned by the Goyal family so far, Modern Steels is now going public. After the public issue of 1.8 million shares at the nominal value of Rs.1.8 crore, the equity capital of the company will go up from the present Rs.2.6 crore to Rs.4.4 crore and the family's holding will be reduced to 59 per cent. The company will raise Rs.3.06 crore through a public issue at a premium to finance the Rs.3.42 crore modernisation of its rolling mill. Interestingly, Modern Steels had asked for a premium of Rs.14, but the Controller of Capital Issues (CCI) allowed only half that amount.

Modern Steels

Issue opens	16 July, 1990
Size of the issue	Rs.3.06 crore
To Indian public	Rs.2.57 crore
Instrument	Equity shares of Rs. 10 each at a premium of Rs.7
Promoters	Amarjit Goyal
Project	Modernisation of the existing steel plant at Gobindgarh (Punjab)
Listing	Bombay, Delhi and Lucknow

With modernisation the company plans to raise its turnover to around Rs.50 crore in two years. It also plans modernising and substantially expanding its steel melting plant to enhance its steel making capacity to 90,000 tpa. The project, estimated to cost Rs.14.50 crore, is to be completed by end 1991.

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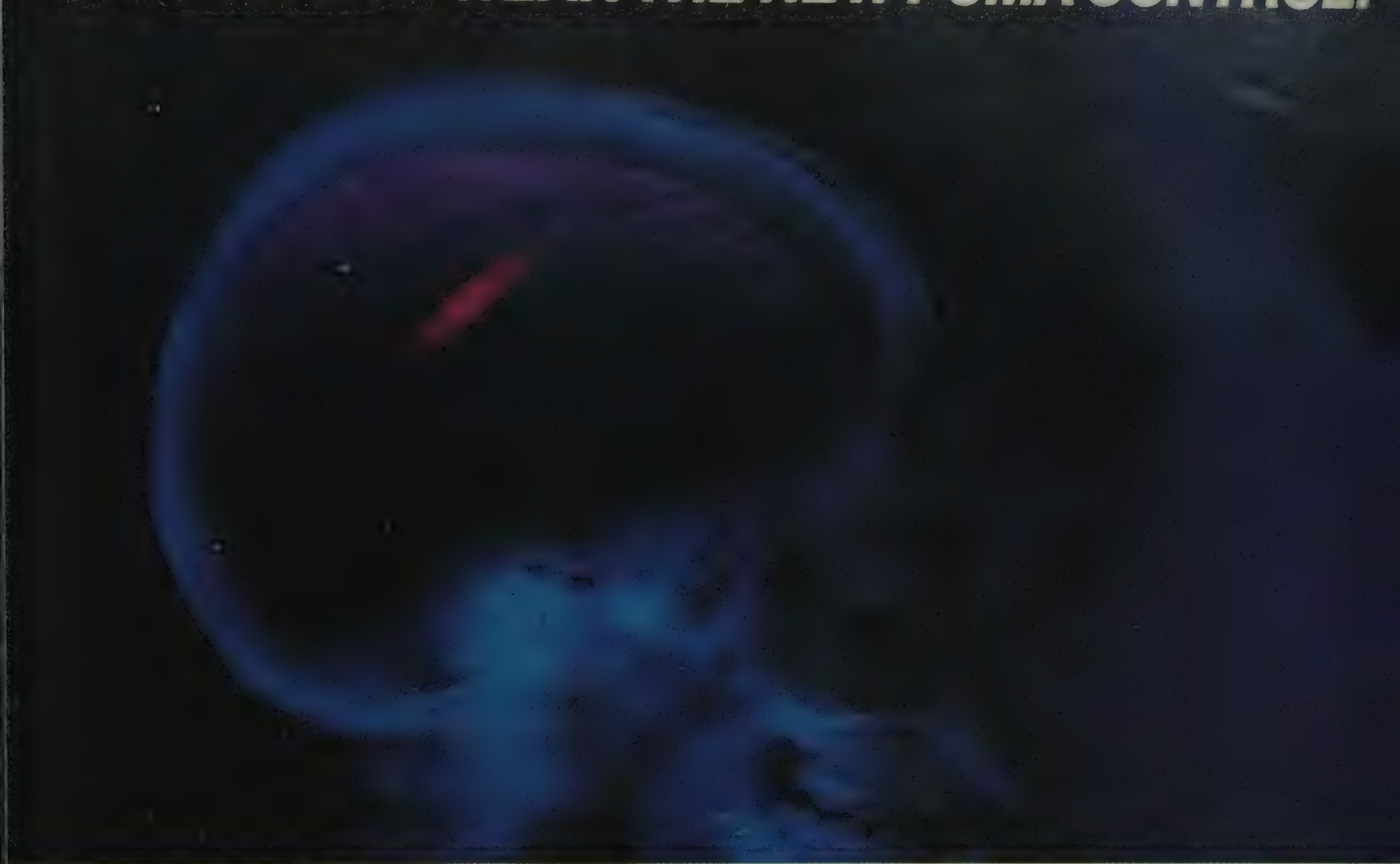

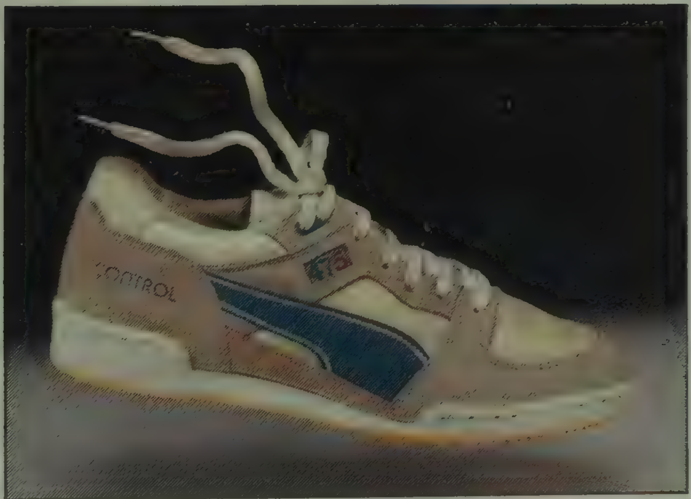

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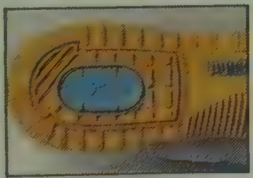

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having a lot of stee
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As foreign exchange is a
crunch in India and earning
currency through exports a natio
priority, in 1983-84, an eighty year
pioneer decided to move into a fiel
which it had no major experience.

Six years later, Tata Steel is on
the country's largest exporters
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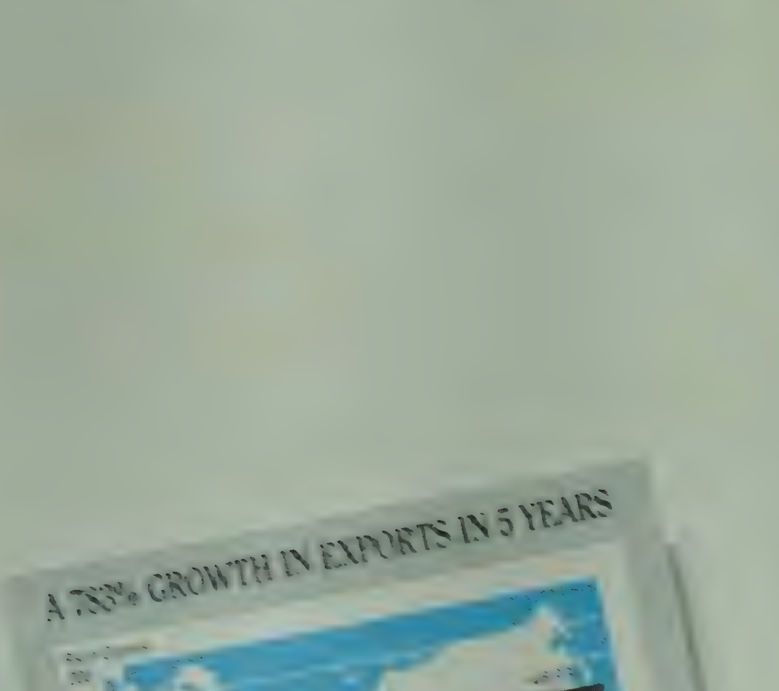

he Americans
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materials for its on-going moderniza-
n drive, Tata Steel has become a nett
orter. In 1988-89, Tata Steel won the
stigious EEPC shield.

The decade of '90s is the Decade of
orts at Tata Steel. And the pioneer is
ading all its expertise and experience
oss the seas to build a long term base
Indian products — all over the world.

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a Steel Exports:

el and el-based ineering ducts	- Wire rods, re-inforcing bars, structurals, tubes, wires, bars, cranes, rolls, bearings, etc.
v Materials	- Chrome ore & concentrates, manganese ore, ferro-manganese, ferro-chrome, charge chrome, refractories, etc.
nmodities	- Black pepper, coffee, black tiger shrimps.

The Chief Marketing Manager Exports making a presentation to American buyers

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STOCKMARKET REVIEW

Speculatives soar

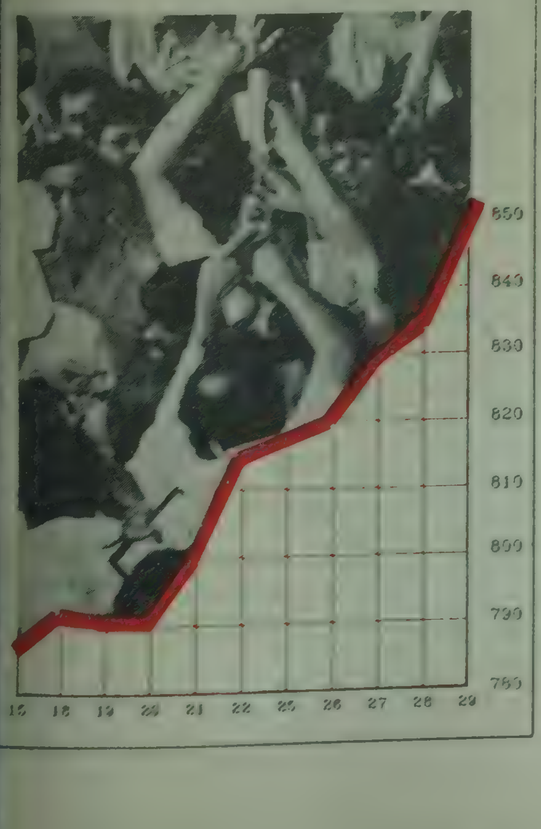
(For the period 18 June to 29 June 1990)

BSE National Index on 29 June = 444.78, up from 422.19 (+5.35%)
BSE Sensitive Index on 29 June = 850.50, up from 785.75 (+8.24%)

Speculators had long awaited this fortnight of "big numbers" The four scrips whose turnovers account for over 75 per cent of total volume on the Bombay Stock Exchange and over 50 per cent of national trading volume announced their results over the fortnight. In order of announcement dates they were Tata Locomotive, Bombay Dyeing, ACC and Tata Steel. Telco and Tisco gained importance given their huge asset bases, even though Tisco had become less active of late because of poor expected results following power problems in Bihar. The popularity of ACC (the most active of the four) was a peculiar speculative play resulting from its turnaround and the cornering of a hapless group of bears (whose only hope at the end of the fortnight was that UTI should start selling from 1 July).

Bombay Dyeing became active after last year's national elections. Speculators realised that with political uncertainty now out of the way, the company would probably issue a bonus considering its performance. The records of Tisco and Telco, in particular, were widely expected to set the tone of the market for the fortnight as well as for the longer term.

BSE Index
15 to 29 June



Speculators satisfied. For speculators, however, it was a satisfactory fortnight. Although Tata Steel's earnings declined from Rs.154 crore to Rs.148 crore, this was better than expected by about Rs.15 crore. The scrip closed at Rs.122, up from Rs.117.75. However, the company could have a difficult year in 1990 unless the power position in Bihar improves. Telco, on the other hand, earned the bulls' delight with its earnings at Rs.102 crore exceeding general market expectations by over Rs.10 crore. The scrip rose sharply on speculative buying in Calcutta and Bombay to touch Rs.160, up from Rs.139. The reason for this excellent performance was the turnaround (incentive-driven) at its Pune plant in the last quarter of the year with output crossing 220 vehicles a day against a normal output of 140 vehicles. This allowed the company to increase vehicle production by 5 per cent to over 64,000 vehicles over the year in spite of an 8,000 vehicle output loss as a result of the strike last year. The current year is expected to be better and output is slated to cross 80,000 vehicles.

Bombay Dyeing responded dutifully with a generous 40 per cent dividend and a 1 for 1 bonus. Both the textiles and DMT divisions were star performers for the company last year while the current year is also expected to be good. The scrip closed the fortnight at Rs.246, up from Rs.228.50.

ACC's results showed that its strategy of selling old plants and concentrating on the efficient working of its new plants had worked. Of course, it has been helped along the way by the 50 per cent rise in cement prices last year. Hence turnover jumped by 50 per cent to Rs.990 crore, while earnings per share was Rs.31, compared to a loss of Rs.10 per share last year. Since much of the rise in cement prices was in the second half of the financial year, the current year is also expected to be good. Consequently, most cement shares rose over the fortnight as well.

Peculiar trading. ACC's shares closed the fortnight at Rs.587.50, up from Rs.494. Market watchers allege that a speculative bubble has formed in the share. With over 7 lakh shares per day having been traded over the last four months, a peculiar situation has come about. Since only 55 lakh shares are issued, (of which over 35 lakh shares are held either by institutions, management and long-term investors and are therefore untraded), bull speculators are reported to have quickly built up a position of over 35 lakh shares in the scrip. This exceeds the floating stock by 15 lakh shares. In addition, a prominent bear has built up a large sale position in the scrip and is reputedly short by over 4 lakh shares. Consequently, unless new stock enters the market, the scrip — given its performance — is unlikely to fall. However, bears anticipate that the public financial institutions will lend them a hand by selling shares in July. This is because UTI (year ends by 30 June) is expected to become an active participant once again.

Power scrips: high voltage

Company	Price on 16 June	 29 June	% Change
Ahm Elec	275.00	300.00	9.1
Andhra Valley	400.00	510.00	27.5
B.S.E.S.	44.00	53.00	20.5
C.E.S.C.	36.50	40.00	9.6
Tata Hydro	400.00	525.00	31.3
Tata Power	582.50	750.00	28.8

Grasim announced over the fortnight that it had joined the Rs.1,000-crore turnover club. Bolstered by 120 per cent capacity utilisation of its million tonne cement plant and by a near doubling of the viscose staple fibre prices over the year, its earnings jumped by 40 per cent to Rs.55 crore. The results were slightly in excess of the market expectation of Rs.52 crore. Hence the scrip rose only marginally to close the fortnight at Rs.127, up from Rs.123.50. Meanwhile, caprolactum price rises helped Gujarat State Fertiliser to raise its earnings by 32 per cent to Rs.51 crore. The scrip closed unchanged at Rs.198.75. Power scrips were also firm following the policy announcement allowing the private sector to enter power generation (*see table*).

Given the dizzy rise of selected speculative scrips over the fortnight, it is reasonable to question whether this trend will be maintained and whether it will spill over to other relatively quiet speculative scrips like Great Eastern Shipping or to the cash group, which was relatively quiet. Much of the rise in the speculative scrips could be attributed to the big four as well as to Reliance, about which rumours of a likely 35 per cent dividend have been circulating again. The scrip rose sharply over the fortnight from Rs.62.50 to Rs.91. The company's board meeting to announce their results is expected in July. While the outcome will undoubtedly affect the market, the shorter term will also be influenced by the institutional desire to book profits at current price levels. Meanwhile, the trend in corporate profits continues to be satisfactory with the onset of the monsoon.

■ RAFIQ DOSSANI

MERCHANT BANKING NORMS

Giving teeth to SEBI

Over the last few years merchant bankers have been successful at helping promoters, especially small entrepreneurs, mobilise resources from the capital market. In return, they earn attractive fees. Unfortunately, in their enthusiasm to earn the fees, they lost sight of their responsibilities towards investor protection. The new guidelines for merchant bankers, prescribed by the Securities and Exchange Board of India (SEBI) on the parameters outlined by the government in April 1990, aims to correct this. It puts the investors' interest before all else. With the effective date of these guidelines (1 August 1990) nearing, merchant bankers are already complaining about the guidelines being "extremely restrictive".

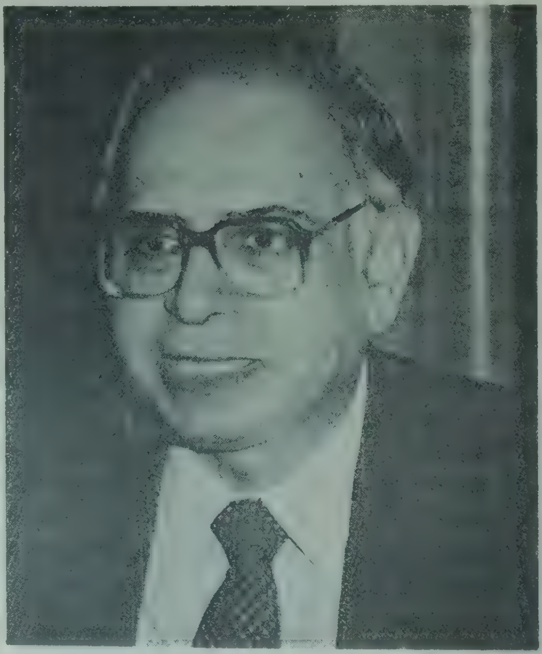
Says one experienced banker, "It is a pity that SEBI decided to classify merchant banking so narrowly, restricting it only to issue management." The loose definition of an advisor, consultant, manager and co-manager to the issue has only aggravated the problem. As if this was not enough, complains another merchant banker, there are "onerous and irrelevant pre-conditions for the authorisation," which, instead of protecting the investors' interest or bringing in greater professionalism in the issue management activity, perpetuate an oligopolistic situation.

Small players out

The minimum net worth of Rs.1 crore, for instance, will drive a lot of small private sector merchant bankers out of the race and tilt the balance in favour of the public sector — mainly the nationalised banks. By restricting the number of lead managers who can be associated with an issue to two (four, for issues over Rs.100 crore), SEBI has once again eliminated the small player. Interestingly, after the mega-issue failures, issue sizes have automatically shrunk. Consequently, so has the possibility of more merchant bankers being associated with a single issue. The elimination of greater competition, fears a private sector merchant banker, may lead to unprofessionalism. This is because nationalised banks may get the business of managing the issue as a condition to their funding business rather than on their professional strength.

In fact, merchant bankers consider their services to be advisory in nature on par with doctors, lawyers and chartered accountants, who require no net worth to start selling their services. But at the same time, prescribing a minimum net worth of Rs.1 crore might make merchant banking services costlier for the small and medium companies who are the ones in real need of them. SEBI should realise that the success of a merchant bank ultimately depends upon its professional competence, track record and investors' recognition. No amount of capital is likely to enhance the image of a merchant bank or an issue manager.

As some merchant bankers argue, "Rather than restricting merchant bankers by their net worth, SEBI could restrict them from malpractices by using its reviewing mechanism." No professional merchant banker would risk his image by allowing SEBI to withdraw its recognition. However, SEBI's reviewing teeth appear to be rather blunt as far as investors are concerned. While the guidelines indicate that SEBI can suspend or cancel the authorisation of merchant bankers in case of violation of guidelines and report such cases to the Controller of Capital Issues (CCI), there is no provision for getting back the investors' money.



S.A. Dave: SEBI got its teeth under him

Bankers' stake

Though many guidelines have drawn much flak for being restrictive, the government's efforts to make the merchant bankers responsible are appreciated, especially by the investing public. For instance, the guideline that a merchant banker should underwrite 5 per cent of the issue, ensures that the banker also has a financial stake in the project. But since it is not appropriately worded, in reality the merchant banker's stake may be restricted only to the issue.

Any medium sized project takes at least three years to go on stream, and a 5 per cent stake is so meagre that a banker can easily unload his share as soon as the scrip is listed. Thus the very purpose, of creating public confidence in an issue, gets defeated. To prevent this, according to a financial expert, SEBI must constantly follow up such companies and the merchant bankers, at least till the project goes on stream.

Merchant bankers, obviously, do not like this. They argue that underwriting risk is a market risk and should be optional and not mandatory. All the same, this guideline will certainly put indirect pressure on the merchant banker to ensure accuracy in the prospectus which, as per the guidelines, is his responsibility. Of course, how far merchant bankers are equipped to ensure this is debatable.

"Again, to monitor the merchant bankers' activities SEBI will require highly qualified manpower and a strong infrastructure," comments a private merchant banker. Although very high, the fees that SEBI will levy (Rs.5 lakh for initial authorisation and 5 per cent of the income as recurring fees) will enable it to build up and maintain this infrastructure. SEBI's need for more money is also justified on the ground that manpower should be better compensated to pre-empt corruption.

So long as the guidelines are only in a skeletal form and SEBI remains a 'paper tiger' without legal status, the merchant banking scene will remain hazy. But, going by the indication the Union finance minister gave last month, SEBI will get its teeth within a month.

■ ALPANA KILLAWALA
and LANCELOT JOSEPH

ICFAI's New Course

Finance for Non-Financial Executives

ICFAI	The Institute of Chartered Financial Analysts of India has over 13,000 candidates on its rolls for the CFA Programme, which is being offered in collaboration with The Institute of Chartered Financial Analysts, USA. Encouraged by this phenomenal success, the Institute launched a new course: The DBF Programme meant for non-financial executives.
The DBF Programme	The DBF Programme (Diploma in Basic Finance) is designed to help Business Executives get a good insight into Finance through structured self-study at home. The Programme covers the essentials of finance through a mix of four core and two elective modules.
Programme Coverage	Core Modules ● Financial Statement Analysis ● Management Accounting & Control ● Working Capital Management ● Project Finance & Appraisal **Elective Modules (any two)** ● Marketing Finance ● Production Finance ● Project Management ● Financial Services ● Personal Finance & Investments ● Management Control & Reporting System ● Financial Management in Public Enterprises
Study Material	The study material includes a detailed study plan, easy-to-follow lessons, reference books, self evaluation assignments and exercises. The study material has been carefully developed with the assistance of well-known academicians and professionals for use by non-financial executives.
Duration	Individual candidates can set their own pace of study. Each module can be typically completed in 3-4 weeks. The course can be completed in 6-8 months.
Eligibility	Executives, students, self-employed persons, entrepreneurs, bank and insurance executives, government officers, defence personnel, teachers and others without a formal professional/academic qualification in finance. **The Institute welcomes sponsorship of candidates from employers.**
Diploma	The diploma will be awarded to all candidates declared successful at the examinations to be conducted twice a year, in January and July at 25 centres all over India.
Corporate Sponsors	Over 1,000 candidates have already joined The DBF Programme. Reputed organisations such as Voltas, ITC, Berger Paints, India Cements, Abbott Laboratories, Hindustan Ciba-Geigy, Mather & Platt, Asian Hotels, Madura Coats, HCL, CMC etc., have sponsored their executives.
Prospectus	For Prospectus and Application form, please write to the Administrative Officer (DBF), giving your complete postal address with pincode, enclosing a demand draft for Rs. 50, drawn in favour of the DBF Programme A/c, ICFAI, payable at Hyderabad.

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STOCKMARKETS

Company Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 29.6.90	52 weeks		EPS in Rs		PE Times	Divi-dend %	Yield %	Bonus	
						High	Low	Year	Half-yr				Year	Ratio
A.P. SCOOTERS,10	07/87	9.94	-13.25	-3.33	4.00	6.00	2.00	-4.8			11.0	27.5		
ACC,100	03/90	55.95	90.70	262.11	595.00	587.00	237.00	31.7	15.6	18.5	15.0	2.6	86	1:5
AHM ELECTRIC 100	03/89	19.81	67.58	441.14	300.00	380.00	167.50	27.7	11.8	10.8	16.0	5.3	87	1:5
ALFA LAVAL 10	03/89	7.82	21.57	37.58	135.00	140.00	70.00	8.0	4.1	17.5	25.0	1.8	89	1:2
AMAL RASAYAN 10	03/89	1.48	5.14	44.73	48.00	90.00	45.50	15.6	2.6	3.0	25.0	5.3		
AMB SARABHAI 10	03/88	22.20	1.72	9.23	15.00	22.25	14.25	0.8		18.8			82	1:5
AMFORGE,10	03/90	5.33	11.32	31.24	85.00	115.00	75.00	11.3	5.0	7.6	25.0	2.9		
ANDHRA CEMENT 10	03/89	18.78	-2.70	8.56	10.00	11.00	7.75	-15.4				11.8	67	1:2
ANDHRA VALLEY,100	03/89	10.51	49.73	573.17	610.00	575.00	310.00	126.5	108.4	4.0	18.0	3.5	75	1:9
ANDREW YULE 10	03/87	9.41	22.81	34.24	56.00	77.50	35.00	2.2		24.5	10.0	1.9	67	2:5
ANNAPURNA FOILS 10	03/89	9.05	0.00	10.00	10.00	13.00	6.50	-2.9	-3.2					
APOLLO HOSP 10	06/88	5.22	1.33	12.55	12.50	16.00	11.00	3.2	1.2	3.8	15.0	12.5		
APOLLO TYRES 10	10/89	8.40	14.19	26.89	49.50	136.50	41.50	18.3		2.7	25.0	5.0		
APPLE IND 10	03/89	5.19	0.81	11.56	35.00	41.25	15.00	3.1	3.1	11.6	35.0	9.7		
ASEA BROWN,10	03/89	5.28	8.25	25.62	82.50	85.00	47.50	5.9	3.5	14.0	21.0	2.5		
ASHOK LEYLAND,10	03/90	31.72	100.64	41.73	85.50	98.50	62.50	5.8	3.6	14.7	31.5	3.7	78	1:2
ASIAN CABLES,10	03/89	5.59	7.32	23.09	29.00	60.00	28.00	5.8	2.4	5.0	12.0	4.1	81	1:3
ASIAN HOTELS 10	03/90	15.05	12.21	18.11	62.00	64.00	52.00	7.4	4.3	8.4	25.0	4.0		
ASIAN PAINTS,10	03/90	12.44	51.39	51.31	232.00	250.00	185.00	12.8	6.6	18.1	45.0	1.9	87	1:2
ASSAM CO.10	03/89	14.00	26.02	28.59	117.00	147.50	68.12	8.4	7.2	13.7	40.0	3.5	89	1:1
ASSAM FRONTIER,10	03/89	3.00	10.53	45.10	210.00	247.50	157.50	13.7	20.0	15.5	50.0	2.3		
ASTRA IDL,10	03/89	2.50	2.97	21.88	47.50	72.00	42.50	4.9	2.5	9.7	10.0	2.1		
ATLAS COPCO,10	03/89	7.26	7.95	20.95	41.00	51.00	33.00	0.8	-1.9	49.4	10.0	2.5	87	1:2
ATLAS CYCLE,10	03/89	1.15	13.93	131.13	76.00	112.50	70.00	12.8	2.4	5.7	15.0	2.1	87	1:2
AVERY INDIA,10	03/89	4.20	9.34	32.24	115.00	130.50	106.00	7.7		14.2	35.0	3.2	84	2:5
BAJAJ AUTO,10	03/90	18.81	264.19	150.45	486.50	487.50	301.25	34.6	19.5	14.1	110.0	2.3	87	1:1
BAJAJ PLASTIC,10	03/89	1.50	4.94	42.93	45.00	48.00	23.00	-10.9	-3.4				86	1:1
BAJAJ TEMPO 10	03/90	6.60	42.10	73.79	160.00	180.00	117.50	11.5	8.4	13.8	20.0	1.3	86	1:1
BAKELITE HYLAM 10	03/90	4.50	20.04	54.53	38.50	59.00	31.00	3.0		12.3	18.0	4.9	80	2:3
BALLARPUR,10	03/89	20.97	27.11	22.93	160.00	170.00	115.00	7.4	7.8	21.6	18.0	1.1	89	1:2
BARODA RAYON,100	03/89	17.97	32.35	280.02	1000.00	982.50	492.50	83.9	37.4	11.7	15.0	1.5	82	1:2
BASF,10	03/90	4.26	12.32	38.92	160.00	166.00	115.00	12.7		12.6	25.0	1.6	88	1:2
BATA INDIA,10	12/88	10.50	17.18	26.36	68.00	82.00	60.00	1.3		55.4	15.0	2.1	87	1:1
BATLIBOI,10	03/89	2.79	3.93	24.09	39.00	44.00	14.50	5.4		7.0	15.0	3.9		
BAYER INDIA,100	03/90	16.22	17.65	208.82	800.00	880.00	710.00	32.8	9.4	23.8	20.0	2.6	87	1:1
BEST & CROM 10	03/89	7.10	17.80	35.07	39.00	57.50	28.50	1.6	-0.9	25.0	10.0	2.5	82	3:5
BHADRA PAPER,10	03/90	10.57	27.85	36.35	80.00	123.75	73.75	4.3	1.1	18.6	35.0	4.4		
BHARAT FORGE 10	03/90	14.24	19.23	23.50	102.00	101.25	72.50	4.1		24.7	25.0	2.5	88	1:1
BHARAT GEARS,10	01/89	4.03	5.50	23.65	40.00	39.00	20.00	-2.4	0.1			6.2		
BIHAR ALLOY,10	03/89	8.20	-8.25	-0.06	25.00	51.50	12.75	2.9	1.1	8.3				
BIMETAL,10	03/89	3.82	9.00	33.56	97.50	104.00	75.00	7.5	4.8	13.9	27.5	2.6	89	1:1
BINDAL AGRO,10	12/88	14.85	8.50	15.72	37.50	125.00	37.50	5.1	4.6	7.4	50.0	13.3		
BIRLA JUTE,10	03/90	20.37	84.17	51.32	90.00	88.25	45.50	2.3		38.4	18.0	2.0	86	1:1
BIRLA YAMAHA,10	02/89	8.00	0.17	10.21	13.00	12.50	7.50	-4.8	-3.4					
BLOW PLAST,10	07/89	2.00	3.73	28.65	68.00	70.00	30.00	1.6		43.8	15.0	2.1	87	1:1
BLUE STAR,10	03/90	3.55	15.61	53.97	97.00	95.00	60.00	13.3	1.4	7.1	20.0	2.1	86	3.5
BOM BURMAH,100	03/89	5.52	16.26	394.57	770.00	800.00	430.00	38.4	38.9	20.6	30.0	3.8	78	1:4
BOM DYEING,10	03/90	11.24	88.17	88.44	245.00	246.00	117.00	19.6	8.9	12.6	40.0	1.6	90	1:1
BOM SUBURBAN,10	03/90	6.60	78.22	128.52	54.00	60.00	26.75	18.2	11.2	2.9	20.0	3.8	89	1:1
BOOTS,10	03/89	8.10	9.33	21.52	97.50	141.00	95.00	5.5	2.8	18.2	22.0	2.2	87	1.1
BOROSIL GLASS,10	03/90	2.24	8.71	48.88	64.00	74.00	60.00	5.9		10.8	25.0	3.9	82	1:2
BRITANNIA,10	03/90	18.57	33.30	27.93	120.00	120.00	60.03	5.3	2.7	22.6	24.0	2.0	89	1:2
BROOKE BOND,10	12/89	44.15	39.77	19.01	115.00	118.00	78.00	6.2		18.6	30.0	2.6	89	4:5
BURROUGHS,10	02/89	6.00	15.82	36.37	70.00	106.25	70.00	6.0	1.4	11.7	45.0	6.4	89	1:1
C.E.S.C.,10	03/90	16.94	76.31	55.05	34.00	40.00	25.75	7.9	2.9	5.1	16.0	4.0		
C.P.TOOLS,100	03/89	4.57	9.61	310.28	310.00	370.00	280.00	15.2	-5.6	19.7	15.0	5.0	77	1:3
CABLE CORP,10	03/90	9.00	26.23	39.14	73.00	90.00	61.00	11.0	3.4	6.4	28.0	4.0		
CADBURY,10	03/90	8.40	14.40	27.14	147.00	168.75	104.00	6.3	2.0	23.4	35.0	2.4	87	1:1
CALICO MILLS,125	06/89	13.56	-5.69	72.55	55.00	61.00	40.00	2.3		23.9			77	1:7
CARRIER AIRCON,10	03/89	10.42	-3.50	6.64	18.50	28.50	18.00	-2.8	-0.9					
CEAT TYRES,10	06/89	14.76	104.60	80.87	95.00	175.00	80.00	15.2	6.3	6.2	30.0	3.2	86	1:2
CEMINDIA,10	03/90	1.28	8.57	76.95	88.00	121.75	79.00	7.0	2.8	12.7	30.0	3.4	84	3:5
CENTURY ENKA,100	03/90	16.61	142.03	955.09	3750.00	3800.00	2680.00	196.7		19.2	62.5	1.7	88	2:5
CENTURY SPIN,100	03/90	26.62	256.31	1059.09	3550.00	3570.00	1920.00	203.0		17.5	50.0	1.4	86	2:3
CHAMPAGNE,10	03/89	3.00	-1.46	5.13	15.00	17.00	13.00	-3.2						
CHLORIDE,10	03/90	20.65	16.51	18.00	94.00	92.00	80.00	6.7	4.2	13.7	31.5	3.4	86	3:5
CIFCO FINANCE,10	03/89	4.78	0.40	10.84	10.75	12.00	7.50	2.1	0.9	5.1	11.0	10.2		
CITURGIA,10	03/89	3.38	6.54	29.35	97.50	112.50	85.00	8.3	3.4	11.6	35.0	3.6		
COLGATE,10	12/89	31.44	25.33	18.06	226.00	230.00	150.62	8.0		28.1	42.5	1.9	89	1:1
COLOUR CHEM,100	03/90	7.94	13.96	275.82	615.00	740.00	450.00	30.0		20.3	22.0	3.6	80	2:5
COMET STEEL,10	03/90	9.65	4.18	14.33	19.00	25.00	17.75	4.1		4.6	17.0	8.9		
COROM FERT,10	09/89	24.32	24.79	20.19	49.00	48.00	21.00	-2.9	1.5			2.6	86	1:2
COSMO FILMS,10	03/89	2.39	7.45	41.17	34.00	42.00	23.00	-8.5	-2.6		18.0	5.3		
CROMPT GREA,100	03/90	19.20	74.09	485.89	1030.00	1100.00	630.00	80.9		12.7	18.0	1.7	89	1:1
CYANAMID,10	03/89	5.25	10.26	29.54	100.00	120.00	74.00	4.2	3.1	23.6	20.0	2.0		
DCM TOYOTA,10	03/90	15.00	-12.96	1.36	32.00	31.00	9.50	4.3	3.2	7.2				
DCM,10	03/89	23.02	28.19	22.25	50.00	64.00	45.00	2.1	-2.2	22.9			71	4:5
DEEPAK FERT,10	03/89	36.68	11.32	13.09	29.00	35.00	26.50	1.9	1.5	15.4	18.0	6.2		
DEEPAK NITR 10	03/89	2.43	6.48	36.67	96.00	102.50	63.00	6.1	6.0	15.7	28.0	2.9	85	1:2
DEMPO STEAM,100	06/85	2.00	-9.83	-391.50	5.00	6.50	5.00							
DHARAMSI 10	03/89	6.24	11.15	27.87	61.00	67.50	30.00	3.1	3.2	19.7	20.0	3.3	79	2:5
DR REDDYS 10	03/90	2.08	1.36	16.54	52.00	70.00	48.00	3.1	1.6	15.8	25.0	5.1		
DUNCAN AGRO,100	03/89	3.05	18.23	697.70	592.00	620.00	183.43	28.9	82.6	20.5	15.0	2.5	89	1:2
DUNLOP,10	03/90	18.99	68.77	46.21	56.00	85.00	53.00	2.3		24.8	30.0	5.3	76	1:3
E MERCK,10	12/89	5.94	6.65	21.20	76.00	90.00	26.00	5.2		14.4	25.0	3.3	86	3:5
E I HOTELS,10	03/89	23.84	42.12	27.67	60.00	67.00	55.50	4.0	0.5	15.0	20.0	3.3	84	2:5
EICHER MOTORS 10	03/90	9.98	-6.04	3.95	30.00	29.00	9.50	3.5	3.4	8.3		10.0		
EID PARRY 10	06/89	6.28	6.69	20.65	93.00	100.00	52.00	7.3		12.3	25.0	2.8		
ELECON ENG,10	03/89	5.65	26.90	57.61	72.00	85.00	54.00	4.6	1.3	15.2	20.0	2.9	87	3:5
ENFIELD,10	03/89	5.04	9.15	28.15	17.25	19.75	10.50	-10.4					85	1:1
ENGLISH ELECT 10	03/89	9.00	18.16	30.18	77.00	77.00	47.50	2.7	2.5	27.0	7.5	1.0	87	1:1
ESCORTS,10	03/90	33.90	114.78	43.86	98.00	100.00	65.00	6.6	3.2	15.1	28.0	2.8	87	3:5
ESKAYEF 10	03/90	7.50	26.57	45.43	132.50	165.00	111.25	10.4	4.5	12.7	30.0	2.3	88	1:2
ESSAR SHIPPING,10	06/89	46.14	44.05	19.55	36.00	39.25	20.00	2.9	4.6	12.4	30.0	8.3		
EXCEL,10	03/90	4.62	18.89	50.89	187.00	195.00	117.00	20.0		9.4	50.0	2.7	84	4:5
FAG PRECISION,100	03/90	3.36	8.71	359.23	82.00	98.75	46.50	13.8	6.3	5.9	18.0	22.0		
FERRO ALLOYS,100	03/89	8.42	24.78	394.30	68.00	135.00	65.00	197.6	143.3	0.4	20.0	28.6	80	1:2
FGP 10	03/90	4.89	7.34	25.01	52.50	62.00	44.50	5.3	2.2	10.0	22.0	4.2	87	1:2
FICOM ORGANIC,10	03/90	1.29	7.53	68.37	156.00	202.50	154.00	16.7	7.2	9.2	45.0	2.9	87	1:1
FINOLEX,10	03/90	3.24	30.80	105.06	220.00	372.50	202.50	28.3	15.8	7.5	60.0	2.8	88	4:5
FIRST LEASING,10	11/89	6.30	10.05	25.95	25.00	36.25	15.00	4.8		5.0	26.0	10.8	83	1:3
FLAKT INDIA,10	12/88	4.76	4.08	18.57	79.00	79.00	29.50	4.0	3.2	19.5	20.0	2.6	89	2:5
FORBES FORBES,10	03/90	4.25	20.54	58.33	56.00	56.00	46.25	5.5	2.5	10.2	15.0	2.7	82	2:5
FULFORD,10	12/88	0.80	2.28	38.50	400.00	385.00	230.00	11.4	1.9	33.8	15.0	0.4	88	1:1
G E SHIPPING,10	03/90	64.85	55.28	18.52	43.00	52.50	37.00	6.7	3.3	6.5	12.0	2.8	81	2:3
G K W.,10	03/90	24.08	41.04	27.08	31.00	31.00	18.00	6.0	0.5	5.0	15.0	5.0	83	1:3
G T C INDUST,10	03/89	5.00	13.24	36.48	32.00	36.00	18.50	5.3	2.6	5.8	24.0	7.7	72	1:4
GABRIEL,10	03/89	2.64	4.36	26.52	61.00	67.50	32.00	4.4	1.9	14.0	20.0	3.3	78	3:5
GAMMON INDIA,10	03/89	2.16	13.46	72.31	129.50	135.00	80.00	5.8	4.2	22.4	18.0	1.4	82	2:5
GARDEN SILK,10	06/89	16.24	84.67	62.14	40.00	57.50	37.50	3.6	1.4	11.1	30.0	7.5		
GARWARE NYLON,10	12/88	9.72	14.92	25.35	50.00	67.00	39.00	2.7	2.0	18.9	20.0	3.9	83	1:2
GARWARE POLY,10	09/89	10.94	21.96	30.07	31.00	70.50	29.50	-6.4				4.1		
GARWARE SHIP,10	03/89	3.75	0.03	10.08	19.50	27.50	17.00	5.9	1.6	3.2	15.0	7.9		
GEN ELECTRIC,10	03/89	7.20	30.60	52.50	35.00	46.00	31.25	3.8	2.2	9.2	15.0	4.3	89	1:1
GENELEC,10	03/89	2.16	-4.39	-10.32	17.50	38.00	19.00	-47.1			14.7	7.7	84	1.1
GEORGE WILL,10	09/89	6.30	24.05	48.17	152.50	166.75	85.04	12.5		12.2	40.0	2.6	89	1:2
GERMAN REMEDIES,10	03/90	3.26	8.87	37.21	152.50	155.00	62.50	13.3		11.3	20.0	1.3	90	1:1
GLAXO,10	03/90	20.00	49.88	34.94	98.50	122.50	83.50	7.7	5.0	12.8	27.0	2.7	80	1:3
GODFREY PHILIPS,10	03/90	2.60	3.80	24.62	85.00	90.00	25.00	11.0	6.9	7.5	35.0	4.2	75	1:1
GOETZE,10	03/90	6.93	14.10	30.35	93.00	92.50	70.00	6.7	3.4	13.8	22.0	2.4	76	4:5
GOKAK PATEL,10	03/90	6.52	25.96	49.82	120.00	125.00	67.50	13.7	8.1	8.8	32.0	2.7	87	1:1
GOOD NEROLAC,10	03/89	3.24	5.08	25.68	72.50	80.00	45.00	2.5	1.8	27.0	22.0	3.3	78	5:7
GOODYEAR,10	12/89	7.48	31.95	52.71	92.50	107.50	80.00	13.1		6.9	40.0	4.4	90	1:1
GRAMOPHONE,10	03/89	4.37	11.43	36.16	12.50	12.50	8.50	-14.0						
GRASIM,10	03/90	60.20	168.10	37.92	127.75	131.50	101.00	9.2	4.8	13.9	30.0	2.3	88	3:4
GREAVE COTTON,100	03/89	9.86	26.22	365.92	660.00	720.00	610.00	67.6	21.3	9.8	18.0	2.7	88	1:2
GUJ ALKALIES,10	03/90	17.90	29.78	26.64	91.00	90.00	67.50	4.2	3.1	21.4	26.0	2.9	87	1:5
GUJ AMB CEM,10	06/89	19.99	5.58	12.79	56.00	56.75	14.50	1.9	2.5	29.9	12.0	2.1		
GUJ NARMADA,10	03/89	88.99	103.47	21.63	36.00	47.00	30.00	3.4	1.6	10.6	10.0	2.8		
GUJ STATE FERT,10	03/90	44.41	335.70	85.59	195.00	207.50	151.25	11.6	6.2	17.1	30.0	1.5	87	1:3
HARRISON,10	06/89	9.10	17.64	29.38	117.00	120.00	77.00	3.5	5.6	32.9	35.0	3.0	87	2:5
HERDILLIA CHEM,10	03/90	7.35	46.79	73.66	85.00	99.50	83.75	10.0	4.3	8.5	26.0	3.1	78	1:2
HERO HONDA,10	03/90	15.98	-2.76	8.27	33.00	38.00	16.00	-0.3	2.0					
HIND ALLOY,10	03/90	7.13	5.03	17.05	65.00	76.25	46.25	9.4	4.1	6.8	30.0	4.7		
HIND CIBA,100	03/90	17.71	40.07	326.26	1390.00	1525.00	780.00	92.7	39.5	15.0	30.0	2.2	80	1:2
HIND DEVELOP,10	03/89	29.74	92.56	41.12	80.00	135.00	72.00	3.2	2.4	25.0	25.0	3.1	86	1:1
HIND DORR-OLIVER,10	03/89	4.76	8.41	27.67	65.00	105.00	62.50	3.3	2.7	19.7	50.0	7.7	89	1:1
HIND FERODO,10	03/89	5.50	1.89	13.44	26.00	28.00	16.00	1.4		18.6	5.0	1.9	83	4:5
HIND LEVER,10	12/89	93.32	135.20	24.49	123.00	124.00	91.00	5.8		21.4	35.0	2.8	87	1:1
HIND MOTOR,10	03/89	26.35	44.89	27.04	37.00	38.25	21.00	-2.2	0.6		7.5	2.2	86	1:1
HINDALCO,10	03/90	17.85	168.11	104.18	280.00	322.50	210.00	36.1	16.5	7.7	37.5	1.4	90	3:5
HMM,10	03/90	14.18	93.90	76.22	326.00	330.00	117.50	12.4	5.3	26.6	40.0	1.2	87	1.1
HOECHST,100	03/89	9.58	27.94	391.65	1940.00	2205.00	690.00	37.7	52.3	50.9	20.0	1.0	82	1:2
HOGANAS,10	03/90	1.15	0.29	12.52	67.00	68.00	42.00	4.0	1.4	16.5	15.0	2.3		
HOTEL LEELA,10	03/90	17.70	-2.09	8.82	15.00	19.00	13.00	0.1	0.5	150.0				
HOUSING DEV FIN,100	03/89	19.98	44.56	323.02	415.00	460.00	215.00	96.8	46.4	4.2	14.0	3.4		
HYD.ALLWYN,10	12/88	17.45	10.70	16.13	14.00	16.50	13.00	1.4	1.2	10.0	15.0	10.7		
I.O.L.,10	03/90	14.60	31.44	31.53	40.00	49.00	33.50	0.2		200.0	10.0	2.5	85	1:3
ICI,10	03/89	40.87	84.19	30.60	37.00	67.00	35.00	1.2	-3.9	30.8	22.5	6.1	78	1:3
ICIM,10	03/90	5.88	9.13	25.53	28.00	67.00	35.00	3.9		9.7				
INDIA CEMENT,10	03/90	4.90	46.92	105.76	43.00	40.00	15.00	5.1	6.2	7.8	8.0	2.0	89	2:5
INDIA GYPSUM,10	03/89	9.00	-2.47	7.26	10.00	16.00	9.00	-2.7	-1.3					

Company Face value	Year Ended	Equity Rs Cr	Reserves Rs Cr	Book value Rs	Price 29.6.90	52 weeks		EPS in Rs		PE Times	Dividend %	Yield %	Bonus	
						High	Low	Year	Half-yr				Year	Ratio
INDIA POLYFIBRES,10	03/90	29.75	-2.73	9.08	8.00	10.00	4.50	-0.9	-2.3					
INDIA STEAMSHIP,10	03/89	10.15	-65.15	-54.19	8.00	18.25	10.00	4.2	2.1	2.8			75	1:1
INDIAN ALUM,10	03/90	41.50	49.09	21.83	151.00	188.00	120.00	14.1	7.0	10.6	25.0	1.7	77	2:5
INDIAN DYESTUFF,100	03/89	9.41	35.85	480.98	480.00	430.00	165.00	-1.3	0.1		10.0	2.3	80	1:4
INDIAN HOTEL,10	03/89	14.79	43.45	39.38	90.00	96.72	82.50	6.3	-1.3	14.8	30.0	3.2	89	1:2
INDIAN ORGANIC,10	03/90	18.40	26.38	24.34	57.50	61.75	35.50	4.6		12.7	15.0	2.6	85	1:2
INDIAN RAYON,10	06/89	25.40	190.83	85.13	114.00	114.00	77.00	3.9	3.8	29.2	28.0	2.5	80	1:4
INDIAN SEAMLESS,10	03/90	3.86	2.36	16.11	95.00	119.99	77.14	4.7		19.8	25.0	2.7	89	3:4
INDOGULF FERT,10	03/89	164.81	0.00	10.00	15.25	19.75	13.00	-0.7	-0.2					
INDROL,10	03/90	6.16	29.12	57.27	238.50	310.00	172.50	9.8		24.2	27.0	1.1	86	1:1
INDU NISSAN,10	03/89	14.00	1.21	10.86	12.50	16.00	11.25	0.7	0.5	17.9	15.0	12.0		
INGERSOLL,10	03/90	15.78	23.11	24.65	225.00	240.00	190.00	9.1	5.3	24.7	45.0	2.0	89	1:1
ION EXCHANGE,10	03/89	3.50	7.20	30.57	52.50	94.00	52.50	4.6	0.7	11.4	13.0	2.5	88	4:5
IPITATA,10	03/89	12.00	-15.79	-3.16	17.00	34.00	16.50	-4.4	1.4					
ITC,10	03/90	66.34	154.04	33.22	86.00	81.00	51.00	7.9		10.3	37.5	4.6	89	1:1
J.B.CHEMICAL,10	03/90	3.00	6.02	30.07	77.50	81.25	27.00	12.7	8.3	6.0	21.0	2.7		
J.K.INDUSTRIES,10	06/89	14.04	15.51	21.05	66.00	112.50	49.00	13.4		4.9	25.0	3.8	67	1:1
J.K.SYNTHETIC,10	03/89	38.51	129.12	43.53	61.50	83.00	51.00	4.8	1.2	12.5	22.0	3.7	83	1:3
JAYANT VITAMIN,10	06/89	3.87	5.11	23.20	26.50	49.00	26.00	8.0		3.2	25.0	9.6	87	2:5
KALYANI BRAKES,10	03/89	3.90	-4.84	-2.41	46.00	46.00	26.00	3.0	2.1	15.0				
KALYANI STEEL,10	03/90	2.36	11.41	58.35	400.00	390.00	220.00	19.7	7.2	19.5	35.0	0.9	88	1:1
KELVINATOR,10	06/89	3.55	25.48	81.77	90.00	98.75	74.38	18.2	9.7	4.7	24.0	2.8	89	1:1
KESORAM,10	03/90	11.46	53.78	56.93	53.00	55.00	39.00	2.3		22.8	10.0	1.9	79	1:2
KHODAY DIST,10	12/88	9.00	8.88	19.87	27.50	53.75	25.00	4.7	2.8	5.7	20.0	7.4		
KINETIC ENGG,10	03/90	2.88	19.47	77.60	190.00	180.00	125.00	12.3	6.5	14.4	30.0	1.7	89	1:1
KINETIC HONDA,10	03/89	9.99	3.34	13.34	67.50	62.25	24.00	1.4	0.7	44.5				
KIRL CUMMINS,10	03/89	26.40	41.95	25.89	76.00	84.00	55.00	2.7	2.0	28.5	11.2	1.5	86	1:1
KIRL PNEUMATIC,10	03/89	3.85	11.28	39.30	45.00	72.50	45.00	10.8	1.2	4.2	22.5	5.0		
KIRLOSKAR OIL,10	03/90	5.75	13.16	32.89	37.00	42.00	29.00	5.2		7.0	16.0	4.4	76	3:7
KLOCKNER WIND,10	03/89	4.50	7.50	26.67	205.25	206.25	107.50	9.4	4.5	21.9	24.0	1.2	88	1:2
KSB PUMPS,10	03/90	8.70	12.25	24.08	180.00	227.50	180.00	7.3	4.8	24.7	20.0	1.1	89	1:1
LAKME,10	03/89	3.15	6.43	30.41	135.00	132.50	69.17	4.4	4.8	30.1	22.5	1.7	89	1:2
LARSEN TOUBRO,10	03/89	68.09	294.16	53.20	86.00	117.50	59.00	4.1	3.1	19.3	30.0	3.8	86	3:5
LIPTON,10	12/89	15.75	22.13	24.05	79.00	109.00	65.00	6.6		12.0	22.0	2.8		
LLOYD STEEL,10	03/90	5.07	4.92	19.70	61.50	127.50	53.75	7.2		8.0	25.0	4.3	89	1:2
LML,10	03/89	21.42	9.07	14.23	25.00	24.50	16.00	0.3	0.6	81.7			80	4:5
MACNEIL MAGOR,10	06/86	2.74	41.38	161.02	104.00	104.00	56.00	2.3		45.2	7.0	0.7		
MADRAS CEMENT,100	03/90	3.02	18.65	717.55	1425.00	1425.00	400.00	22.5	73.8	63.3				
MADURA COATS,10	03/89	21.96	92.32	52.04	120.00	125.00	97.00	6.9	2.4	17.8	25.0	2.0	86	1:2
MAFATLAL FINE,100	03/90	14.48	18.90	230.52	265.00	348.25	290.00	-33.1	6.8	47.1		3.1	80	1:3
MAFATLAL IND,100	03/90	13.45	51.38	482.01	545.00	680.00	220.00	22.7	19.1	24.4	22.0	4.0	78	1:5
MAHIN & MAHIN,10	03/89	19.26	102.06	62.99	88.00	104.00	72.50	6.8	3.5	13.1	35.0	3.9	84	2:3
MAHINDRA NISSAN	03/89	16.70	0.15	10.09	17.50	16.50	8.00	-2.2	-2.5					
MAHINDRA UGINE,10	03/89	11.50	24.57	31.37	60.00	87.50	60.00	6.6	2.3	9.1	16.5	2.8	88	1:2
MANGALAM CEM,10	03/90	7.11	11.04	25.53	40.00	40.00	19.50	1.1	1.0	36.4	22.5	5.6		
MANGALORE CHEM,10	03/89	19.97	0.17	10.09	17.50	24.50	16.00	-18.3	-9.8			4.3		
MASTERSHARE,10	06/89	225.00	280.60	22.47	20.25	21.50	15.25	8.3		2.5	18.0	8.7		
MATHER PLATT,10	03/89	23.04	8.12	13.52	30.00	60.00	31.00	1.9	0.8	16.3	16.0	5.2	87	3:5
MAX INDIA,10	03/90	2.79	6.17	32.11	72.50	87.00	67.50	5.5	2.0	13.2	30.0	4.1		
MAZDA INDUST,10	11/89	4.32	2.64	16.11	7.50	12.50	7.50	-0.7				14.1		
MCDOWELL,10	03/89	7.88	25.89	43.71	71.00	108.25	70.00	14.7	4.8	4.9	20.0	2.8	86	1:1
MCLEOD RUSSEL,10	03/90	6.25	27.38	53.81	93.50	115.00	65.62	13.9		6.8	60.0	6.3	89	3:5
METAL BOX,10	03/89	14.66	-12.54	1.46	6.50	9.37	5.75	-12.6	-4.4				67	1:2
MILES INDIA,10	03/90	1.28	2.08	26.25	90.00	130.00	82.50	4.4	1.4	21.6	20.0	2.1	89	1:1
MILKFOOD,10	03/89	1.14	4.49	49.39	132.50	312.50	130.00	13.4	-25.1	10.1	30.0	2.2	87	1:1
MODI INDUSTRIES,10	03/89	3.30	23.65	81.67	17.00	30.00	17.00	-52.6	-1.8			3.2	69	1:5
MODI RUBBER,10	03/89	10.38	52.50	60.58	67.00	98.00	47.00	14.2	-2.8	4.9	25.0	3.6	84	2:5
MODI XEROX,10	03/89	19.46	6.50	13.34	66.50	72.75	54.00	2.4	0.5	27.5	11.0	1.7		
MOTOR INDUST,100	12/89	38.05	56.44	248.33	870.00	1100.00	580.00	38.4	19.4	21.5	14.0	1.7	86	1:1
MRF,10	03/90	3.86	44.85	126.19	255.00	380.00	185.00	32.4	19.2	7.8	90.0	3.6	75	1:2
MUKAND IRON,10	03/89	14.74	80.22	64.42	134.00	153.00	123.00	15.8	5.2	8.4	20.0	1.5	88	1:2
MYSORE CEMENT,10	06/87	18.22	22.61	22.41	32.00	32.00	11.00	1.1	1.2	29.1	17.5	5.5	85	2:5
NAGAR FINANCE,10	03/89	2.44	3.76	25.41	14.00	24.00	11.00	5.4	3.2	2.4	35.0	26.9		
NATION PEROXIDE,100	03/89	2.30	9.02	492.17	875.00	1175.00	675.00	-48.6	-17.8		6.0	0.7		
NATIONAL RADIO,100	03/90	6.98	3.75	153.72	330.00	425.00	180.00	14.0		22.1				
NESTLE,10	12/89	36.62	5.70	11.56	121.50	128.00	89.29	3.9		31.4	30.0	2.4	89	3:5
NIRLON,10	03/89	15.76	-23.74	-5.06	19.00	20.50	8.50	-22.0	-9.1				82	1:2
NOCIL,100	03/90	36.00	109.85	405.14	1230.00	1560.00	930.00	117.3	55.5	10.4	40.0	3.3	86	1:2
ORISSA CEMENT,10	03/89	5.40	31.50	69.33	42.50	42.00	32.00	-14.3	0.5		20.0	5.0	87	1:1
ORKAY,10	03/90	66.29	51.66	17.79	19.50	20.00	13.50	0.2		96.2		17.5		
OSWAL AGRO,10	06/89	96.72	81.67	18.44	35.00	90.00	32.00	2.8	2.1	12.1	50.0	14.7	87	3:5
OSWAL FURANE,10	12/88	18.00	0.00	10.00	22.50	48.00	21.50	0.3		73.3				
OTIS ELEVATORS,10	03/89	5.37	15.02	37.97	225.00	260.00	175.00	10.4	3.5	21.6	40.0	1.8	85	1:1
PARKE DAVIS,10	03/90	7.53	4.08	15.42	107.00	133.25	67.00	3.7		28.6	35.0	3.3	90	3:5
PEICO,10	03/90	33.32	40.09	22.03	41.50	41.00	18.00	2.0		20.5	10.0	2.4	82	1:5
PFIZER,10	11/89	11.72	15.67	23.37	90.00	107.50	58.00	2.3		39.1	15.0	1.7	77	4:5
POLYCHEM,10	03/90	6.00	11.90	29.83	66.00	86.00	56.70	11.5	6.8	6.0	25.0	3.6	89	2:3
POLYOLEFINS,100	03/90	19.30	63.99	431.55	1100.00	1465.00	1050.00	94.0	49.2	12.2	35.0	3.0	88	1:2
PONDS,10	12/89	6.68	18.78	38.11	241.25	245.00	153.75	9.1		26.5	37.5	1.6	87	1:1
PREMIER AUTO,10	06/89	22.75	112.26	59.35	62.50	73.50	48.50	6.4	1.8	9.8	45.0	7.1	86	1:1
PROCTER & GAM,10	06/89	6.68	11.68	27.49	200.00	230.00	175.00	9.4	5.3	21.5	30.0	1.5	88	4:5
PSI DATA,10	03/89	6.50	-5.27	1.89	12.50	17.50	10.50	-13.1				11.0		
RALLIS,10	03/89	9.52	33.44	45.13	86.25	133.00	65.00	8.7	3.1	10.3	25.0	2.8	77	3:1
RANBAXY,10	03/90	8.95	16.22	28.12	99.00	105.00	75.00	8.4	5.0	11.8	27.5	2.8	88	2:5
RAYMONDS,10	03/89	22.47	67.19	39.90	90.00	94.00	65.00	9.6	2.0	9.6	20.0	2.2	87	1:1
RECKITT COLMAN,10	12/89	8.40	22.44	36.71	222.50	242.50	172.50	9.5	4.8	23.4	40.0	1.8	88	1:1
REGENCY CERAMIC,10	03/89	5.61	0.25	10.45	17.00	22.50	13.50	0.9	0.7	16.7				
RELIANCE PETRO	03/89	86.47	0.48	10.08	24.50	40.50	20.50	0.6		36.7	18.0	8.2		
RELIANCE,10	03/89	152.11	913.40	70.05	92.00	133.00	51.50	7.0	4.4	13.0	30.0	3.3	83	3:5
REMINGTON,10	03/90	2.67	4.34	26.25	37.50	75.00	40.00	3.3	1.8	12.9	20.0	4.7	86	1:2
REVATHI C.P,10	03/90	1.60	4.29	36.81	77.50	100.00	67.00	5.8		12.5	20.0	2.8	87	1:1
RHONE-POULENC,10	03/90	4.50	14.22	41.60	71.50	93.75	63.75	9.8		7.9	15.0	1.9		
ROCHE PRODUCTS,10	12/88	4.81	6.23	22.95	67.00	89.00	27.00	3.3	1.9	19.1	15.0	2.4	80	1:3
ROSS MURARKA,10	12/88	4.64	3.29	17.00	16.00	24.00	12.00	3.1	1.5	5.2	18.0	11.2		
S.I.VISCOSE,100	03/89	11.03	21.19	292.11	1365.00	1520.00	750.00	116.9	81.4	11.6	35.0	2.6	87	1:2
SAMTEL INDIA,10	03/89	3.57	11.06	40.96	26.00	87.50	23.50	9.1	-5.1	2.9	25.0	9.6	88	1:3
SANDOZ,10	12/89	5.30	24.68	56.57	140.00	177.50	96.50	11.2		12.6	18.0	1.3	90	1:2
SANDVIK ASIA,100	12/89	5.78	7.54	230.45	620.00	800.00	610.00	43.9		14.1	25.0	4.0	84	1:1
SCINDIA,20	06/88	18.95	-40.86	-23.12	9.00	16.00	6.50	-23.6					77	2:5
SEARLE,10	03/90	7.82	11.94	25.27	137.50	147.50	90.00	5.3		25.9	21.0	1.5	88	1:2
SESA GOA,10	03/90	5.15	9.80	29.03	92.00	107.00	35.00	6.7	9.5	14.1	14.0	1.5	86	2:5
SHAW WALLACE,10	03/90	12.00	27.76	33.13	90.50	98.00	69.00	11.7	6.4	7.7	30.0	3.3	87	1:1
SHRIRAM FIBRES,10	09/89	10.33	22.69	31.97	47.50	94.00	42.50	4.2		11.3	18.0	3.8	82	1:2
SIEMENS,10	03/90	20.77	61.17	39.45	111.00	116.00	65.00	4.4		24.7	30.0	2.8	86	1:4
SILTAP CHEMICAL,10	03/89	1.80	-0.76	5.78	70.00	80.00	42.50	-8.5	-3.4					
SIPTA COATED,10	03/90	17.50	12.40	17.05	16.50	30.00	14.00	1.4		11.4	15.0	9.4		
SKF BEARINGS,100	03/89	24.70	35.39	243.28	1570.00	1570.00	1140.00	68.0	27.9	23.1	30.0	1.9	89	1:1
SOUTHERN PETRO,10	03/89	34.00	274.92	90.86	57.50	62.25	43.00	3.3	1.3	17.3	20.0	3.5	86	1:1
SPARTEK,10	03/89	4.56	5.91	22.96	62.00	81.25	60.00	6.2	3.8	10.2	25.0	4.0	89	3:5
SPECIAL STEEL,10	03/90	11.39	14.36	22.61	135.00	132.50	91.25	10.4	5.2	12.7	25.0	1.9	89	1:2
STANDARD IND,10	03/90	11.06	36.78	43.25	67.00	87.50	32.00	1.2	1.7	56.7	20.0	2.9	82	2:5
STANDARD MOTOR,10	03/88	4.37	3.98	19.11	11.00	13.00	8.00	-18.1				15.8	85	1:1
STRAW PRODUCTS,10	03/90	10.14	73.61	82.59	90.00	103.00	74.00	7.2	4.5	12.5	20.0	2.2	72	1:2
SU-RAJ DIAMOND,10	03/90	7.66	9.72	22.89	54.00	96.00	49.00	14.2	9.4	3.9	25.0	4.5		
SUND CLAYTON,10	05/89	9.48	23.99	35.31	42.50	73.00	44.00	4.9	1.1	9.0	25.0	5.7	87	2:3
SUND FASTENERS,10	03/90	5.10	9.80	29.22	78.00	85.00	67.50	9.3	4.6	8.3	25.0	3.2	88	3:5
SUND FINANCE,10	03/89	6.00	16.22	37.03	88.00	84.00	60.00	10.9	4.5	7.6	30.0	3.6	86	1:1
SUPREME INDUST,10	06/89	2.27	13.47	69.34	282.50	300.00	190.00	14.4	9.7	19.6	45.0	1.6	87	1:1
SWAD POLYTEX,10	03/90	3.90	11.77	40.18	42.00	54.00	30.50	4.6	1.3	8.9	15.0	3.7		
SYNTH & CHEM,10	03/90	11.42	9.75	18.54	51.50	80.00	51.00	4.3	0.9	12.0	25.0	4.9		
TATA CHEMICALS,10	03/90	49.17	208.92	52.49	118.00	132.00	115.00	8.3	3.3	14.3	31.0	2.6	89	1:2
TATA LOCO,10	03/90	103.67	380.02	46.66	150.00	157.00	96.50	9.9	9.0	15.9	30.0	1.9	82	2:5
TATA OIL,25	03/90	8.11	25.19	102.65	178.50	166.25	60.00	16.5		10.1	18.0	2.7	90	1:5
TATA POWER,100	03/88	21.22	68.24	421.56	772.50	750.00	330.00	89.1	60.8	8.4	16.0	2.1	75	1:5
TATA PRESS,10	03/89	1.57	6.34	50.38	63.00	72.50	48.50	5.3	1.9	12.1	22.0	3.4		
TATA STEEL,10	03/89	230.14	645.53	38.05	120.25	154.25	103.25	6.7	2.9	17.7	30.0	2.5	86	2:5
TATA TEA,10	03/90	17.10	78.79	56.08	221.00	209.50	155.50	24.3	12.1	8.6	50.0	2.4	88	3:5
TATA UNISYS,10	03/90	4.38	8.76	30.00	115.00	105.00	67.50	11.8		8.9	30.0	2.9	87	2:5
TEXMACO,10	03/90	1.87	11.06	89.14	35.00	68.00	33.00	-67.0						
TINPLATE,10	03/89	10.14	11.11	20.96	30.00	40.00	27.50	4.3		7.0	15.0	5.0		
TUBE INVESTMENT,10	03/90	6.71	28.62	52.65	71.00	73.75	61.00	6.7	3.1	10.6	24.0	3.4	85	1:3
TUTICO ALKALIES,10	03/89	12.94	-2.63	7.97	11.00	19.00	11.00	0.9	-0.8	13.3		44.4		
TVS SUZUKI,10	03/89	23.10	-5.50	7.62	14.00	17.00	11.00	1.3		10.4				
TWENT.CENT,10	03/90	8.88	12.44	24.01	26.50	34.00	21.00	4.5		6.0	22.0	8.1	88	2:5
U.B.LTD.,10	06/88	4.00	9.53	33.82	70.50	76.25	37.00	7.1		9.9	20.0	2.8	86	1:1
UNION CARBIDE,10	03/89	32.58	38.04	21.68	26.00	29.00	19.75	1.4		18.2		5.3	80	1:2
UNIT PHOSPHORUS,10	12/87	2.80	2.86	19.50	45.00	78.25	37.00	0.4	-1.1	112.5	10.0	2.2		
UPCOM CABLES,10	03/89	5.92	1.86	13.18	19.50	53.00	17.50	4.3	-0.8	4.4	20.0	10.5		
VAM ORGANIC,10	03/90	5.16	20.35	49.44	123.75	174.00	120.00	15.7	8.7	8.0	35.0	2.8		
VARELI,10	03/88	7.29	13.49	28.50	20.00	30.00	20.00	5.7	0.7	3.5	22.0	11.0		
VIDEOCON INT,10	03/90	4.23	6.91	26.34	247.50	271.25	95.00	66.2	49.7	3.6	40.0	1.7		
VINDHYA TELE,10	03/90	3.90	11.45	39.36	78.75	130.00	77.50	8.0		10.0	22.5	2.8		
VOLTAS,100	03/90	19.85	41.62	309.67	81.50	81.00	55.36	9.2	5.8	8.8	24.0	29.6	89	1:2
VST INDUSTRIES,10	03/90	9.65	16.71	27.32	68.75	60.00	27.00	6.1	2.8	9.8	30.0	5.0	89	3:5
WALCHAND,100	09/88	3.00	2.46	182.00	22.00	27.50	14.00	2.0		10.0			82	1:2
WARREN TEA,10	03/90	3.90	11.49	39.46	110.00	115.00	46.25	20.9	4.0	5.1	50.0	4.7	89	1:1
WIMCO,10	03/89	13.58	5.34	-13.93	20.00	31.00	15.50	-9.7	-2.8				70	1:5
Z F STEERING,10	03/89	2.25	1.02	14.53	48.50	59.00	43.00	2.6	1.1	18.3	10.0	2.1		
ZENITH,10	12/88	9.15	17.20	28.80	47.00	63.00	36.00	5.2	3.1	8.7	30.0	6.7	87	1:4
ZUARI,10	03/89	12.43	57.09	55.93	60.50	59.00	43.00	4.8	-2.3	9.9	35.0	7.4		

Note EPS This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half year after tax earnings per shares for six months taking into account announced half yearly profits. PE ratio of market price to after tax per share. Yield: dividend as a percentage of market price.

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AD-INDIA

DEBENTURES

Company	Face Value	Market lot	Type	Rate %	Size Rs lacs	Price Rs	Date	Yield %	Interest due date	Redemption date	Book closure
ASEA	100	10	NCD	13.5	252.0	85.00	4/6/90	15.88	30.6,31.12	17/9/93	22/12/89
ASHOK LEY A	64	5	NCD	13.5	521.0	55.00	4/6/90	15.70	31.3,30.9	3/4/96	16/09/89
ASHOK LEY B.	64	5	NCD	13.5	1043.0	55.00	11/6/90	15.70	31.3,30.9	3/4/96	16/09/89
ASHOK LEY C	100	5	NCD	15.0	815.0	95.00	11/6/90	15.78	31.3,30.9	3/4/91	16/09/89
ATASH IND	75	10	CD	15.0	300.0	70.00	22/6/90	16.07	31.1,31.7	17/3/94	21/7/89
BATLIBOI	100	25	NCD	15.0	510.0	97.00	22/6/90	15.46	30.4,31.10	11/4/93	3/10/89
BIRLA JUTE	200	5	NCD	13.5	999.0	170.00	11/6/90	15.88	30.9,31.3	7/2/96	13/9/89
BLUE BLEND	200	10	NCD	13.5	625.0	163.00	11/5/90	16.56	31.1,30.6	4/11/96	14/12/89
CONT CONST	100	10	NCD	15.0	1750.0	82.50	19/6/90	18.18	1.1,1.7	4/10/95	27/12/89
DV REDDY'S	100	10	CD	15.0	163.0	94.00	13/6/90	15.95	30.6,31.12	4/6/96	15/12/89
DUNLOP	150	5	NCD	13.5	120.0	135.00	5/12/89	15.00	15.7/15.1	30/6/89	1/7/89
E.I. HOTELS	50	10	NCD	13.5	1566.0	43.00	11/6/90	15.69	10.4,10.10	10/4/94	21/09/89
ELECON ENG	45	5	NCD	13.5	247.0	40.00	5/12/89	15.17	30.6,31.12	12/3/94	18/12/89
ESSAR SHIP	75	10	NCD	13.5	100.0	69.50	22/6/90	14.40	31.3,30.9	15/4/94	15/6/89
FGP	100	5	NCD	13.5	168.0	90.00	11/5/90	15.00	31.3,30.9	19/11/92	13/9/89
FERRO ALLOY	190	2	NCD	13.5	750.0	170.00	11/5/90	15.08	30.6,31.12	30/6/91	1/12/89
FORBES	100	10	NCD	13.5	600.0	92.00	2/6/90	14.67	1.4,1.10	2/4/94	10/9/89
GARDEN SILK	100	10	NCD	12.5	300.0	76.00	22/6/90	16.44	31.3,30.9	31/3/97	9/9/89
GRASIM IND	120	5	NCD	13.5	100.0	112.50	22/6/90	14.40	31.3	30/6/97	15/3/89
GUJ ALKALI	140	5	NCD	13.5	700.0	135.00	19/6/90	14.00	28.2,31.8	1/8/93	18/8/89
HIND FERODO	100	5	CD	13.5	206.0	80.00	22/5/90	16.87	30.6,31.12	14/12/92	12/12/89
HOECHST	100	5	NCD	15.0	383.0	100.00	7/6/90	15.00	1.5,1.11	14/9/91	17/10/89
I.T.C.	500	1	NCD	15.0	500.0	520.00	2/6/90	14.42	1.7	30/6/90	16/05/89
IND HOTEL	75	10	NCD	13.5	1123.0	72.50	31/5/90	13.80	1.4,1.10	26/4/92	16/09/89
IND HOTEL	100	10	NCD	12.5	2708.0	88.50	17/5/90	14.12	15.6,15.12	14/6/94	10/5/89
IND RAYON	80	5	NCD	12.0	801.0	51.50	11/6/90	18.65	30.6,31.12	6/4/93	18/12/89
IND RAYON	112	5	NCD	13.5	1668.0	97.50	21/6/90	15.50	30.6	18/2/95	1/12/89
J.K. SYNTH	120	4	NCD	13.5	1875.0	112.50	6/6/90	14.40	1.1,1.7	1/4/92	20/12/89
JINDAL STR	100	10	NCD	15.0	600.0	95.00	22/6/90	15.78	30.6,31.12	14/4/94	19/12/89
KALY STEEL	100	5	NCD	15.0	67.0	105.00	5/12/88	14.28	30.6,31.12	7/6/91	1/09/89
KESORAM	90	5	NCD	13.5	1890.0	80.00	19/2/90	15.18	31.3,30.9	11/3/95	28/2/89
KLOCK WIND	100	10	NCD	13.5	138.0	90.00	19/4/90	15.00	31.3,30.9	30/6/93	1/10/89
KOTH FOOD	80	10	CD	15.0	475.0	60.00	22/6/90	20.00	31.3,30.9	30/6/91	16/6/89
L&T RTC	60	5	CD	13.5	360.0	55.00	18/1/90	14.70	1.1,1.7	30/6/90	11/2/89
LAKME	75	10	NCD	13.5	202.3	70.00	22/6/90	14.30	30.6,31.12	9/4/94	16/4/88
LML	115	5	CD	13.5	828.0	80.00	12/5/90	19.40	30.4	30/6/91	15/12/89
LYKA LABS	100	10	NCD	15.0	240.0	94.00	13/6/90	15.95	30.6,31.12	30/6/93	11/12/89
MAY & BAKER	100	5	NCD	15.0	300.0	100.00	28/5/90	15.00	30.6,31.12	30/6/93	14/9/89
MAZDA IND	100	10	NCD	13.5	625.0	70.00	22/6/90	19.28	1.4,1.10	5/4/93	12/12/89
MUKAND	125	5	NCD	13.5	437.0	115.00	22/6/90	14.66	1.1,1.7	30/6/88	15/12/89
PRESTIGE FOOD	100	10	NCD	13.5	25.0	71.25	21/6/90	18.95	31.12,30.6	30/6/92	26/9/89
RAYMOND WOOL	240	1	CD	12.0	480.0	270.00	1/2/90	10.66	31.3,30.9	30/6/89	25/01/90
RAYMOND WOOL	400	1	NCD	13.5	1920.0	400.00	22/6/90	13.50	31.10	31/10/92	28/3/89
REI FCOM	100	10	NCD	15.0	3000.0	185.00	22/6/90	8.10	28.2,30.9	30/9/95	25/1/90
RELIANCE E	100	5	NCD	13.5	5335.0	90.00	30/3/90	15.00	30.4	30/6/97	11/11/89
RELIANCE F	100	10	NCD	15.0	27000.0	92.00	20/4/90	16.30	20.2,31.8	30/9/95	11/1/89
REL PETRO B.	40	10	CD	12.5	1045.0	32.50	22/6/90	15.38	31.5,30.1	30/10/95	15/12/89
REL PETRO C	150	10	CD	12.5	3920.0	102.00	22/6/90	18.38	31.5,31.12	30/10/95	12/10/89
SANDOZ	100	10	NCD	13.5	69.0	85.00	6/4/90	15.88	30.6,31.12	24/4/95	12/09/89
STEELAGE	100	10	NCD	13.5	132.0	87.00	22/6/90	15.51	1.5,1.11	30/6/94	11/09/89
TATA PRESS	120	5	NCD	13.5	195.0	105.00	17/5/89	15.42	31.3,30.9	11/11/96	11/01/90
TATA STEEL	200	5	NCD	13.5	2011.0	195.00	21/6/90	13.85	1.4,1.10	1/3/92	07/12/89
TATA STEEL	600	5	NCD	12.5	5705.0	528.00	22/6/90	14.20	1.2		21/11/89
TATA UNISYS	100	10	CD	12.0	250.0	85.00	21/6/90	14.11	11.1,1.7	30/6/98	12/09/89
TITAN WATCH	200	10	NCD	13.5	1312.0	176.00	22/6/90	15.35	15.6,31.12	5/3/97	16/05/89
TANSPORT CO	100	10	NCD	15.0	400.0	87.00	22/6/90	17.25	31.3,30.9	30/6/93	11/01/90
T.T.K. PHARM	100	10	NCD	15.0	143.0	90.00	21/6/90	16.66	30.5,30.11	1/3/92	12/12/89
TWENT CENT	100	5	NCD	13.5	300.0	85.00	17/8/89	15.88	30.4,31.10	23/8/90	11/01/90
UNITECH	100	10	NCD	15.0	264.0	87.50	11/6/90	17.15	30.6,31.12	25/4/94	12/12/89
UNIV LUGGAGE	100	10	NCD	13.5	144.0	75.00	22/6/90	18.00	1.6,1.12	26/3/96	8/11/89
USHA MARTIN	100	5	NCD	13.5	934.0	85.00	22/6/90	15.88	31.3,30.9	29/10/95	09/09/89
VIP IND	100	10	NCD	15.0	960.0	92.50	22/6/90	16.20	11.1,31.7	22/4/93	3/01/90
VARELI TEXT	100	10	NCD	15.0	862.0	80.00	2/2/90	18.75	31.3,30.9	30/6/93	9/9/89
VARUN SHIP	100	10	NCD	15.0	175.0	92.50	21/6/90	16.21	31.5,30.11	20/8/93	17/11/89
VOLTAS	300	1	NCD	15.0	900.0	280.00	02/3/90	16.07	28.2,31.8	1/3/91	1/6/89
VOLTAS	150	2	CD	13.5	300.0	132.50	02/3/90	15.28	30.6,31.12	30/6/91	1/6/89
W.I. ENTER	100	5	CD	15.0	615.0	70.00	22/6/90	16.66	1.10,1.4	12/6/95	16/9/89
ZENITH	90	10	NCD	13.5	480.0	79.00	21/5/90	15.37	1.5,1.11	20/7/92	20/9/89

Note: CD: convertible debenture; NCD: non-convertible debenture including debentures that were earlier partially convertible for which the conversion is over.

Debenture yield is calculated as a percentage of market price without adjusting interest due component. This can make a significant difference in actual return.

The fact that the debenture market is generally active can be surmised from the dates of last business done. Hence readers are advised to seek suitable professional advice before deciding.

All care is taken to ensure accurate and up-to-date information.

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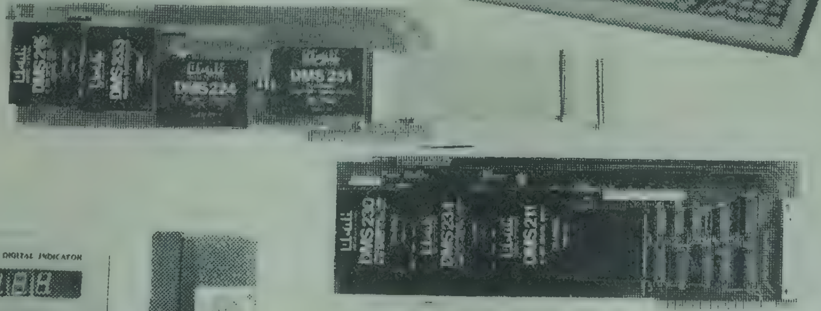

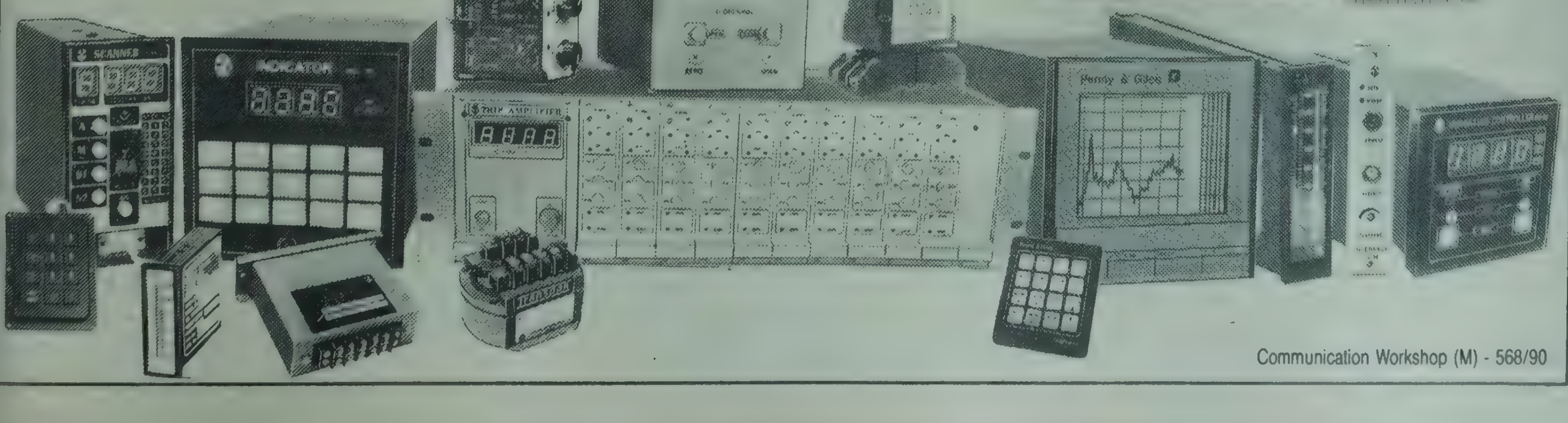

Communication Workshop (M) - 568/90

The south strikes again

Two participants from the south Naresh Kumar Jain and K.R. Padmanabhan, both of Madras, share the prize this time.

Many of the contestants for IC 319 rightly predicted the rise in Bajaj Auto but, unfortunately, were caught napping with Hindalco and Telco.

Scrips	Prices as on Friday 18 May 1990 (Rs.)	Prices as on Friday 15 June 1990 (Rs.)	Ranks
Bajaj Auto	420.00	467.50	1
Great Eastern	47.00	44.75	5
Hindalco	271.25	277.50	2
Ingersoll-Rand	220.00	225.00	3
Sandvik Asia	660.00	610.00	6
Telco	138.50	139.00	4

Given below is a new list of six scrips, and their closing prices on 3 July 1990. Pick the share that you think will rise the most in percentage terms by 31 July 1990 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest, you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 31 July 1990. You don't have to tell us either the prices or even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

Rules:

1. There is no entry fee.

2. The price mentioned last in the official quotation list will be taken as correct for the purposes of calculation. If the stock exchange remains closed on the stated last day, the closing price on the prior day will be used.

3. Entries must be on the printed form given below. Any other entries will be disqualified.

4. Only one entry will be permitted per form.

5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 26 July 1990.

6. **Business India**'s decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.

7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.

8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

Name of scrip	Prices as on Tuesday 3 July 1990 (Rs.)	Rank as on Tuesday 31 July 1990 (please fill in number)
ACC	622.00	
Bombay Dyeing	243.00	
M & M	87.50	
Reliance Ind.	92.50	
Tisco	125.00	
Telco	160.00	

Name:

Address:

Age:

Profession:

Date:

IC322

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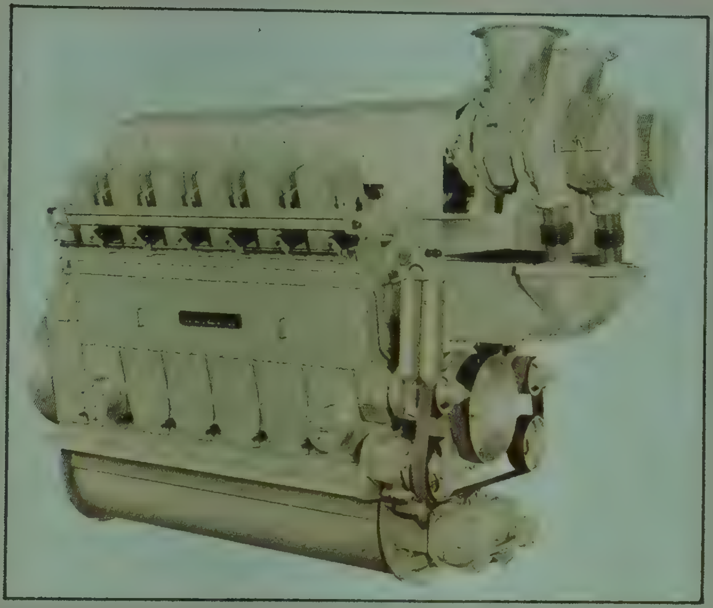
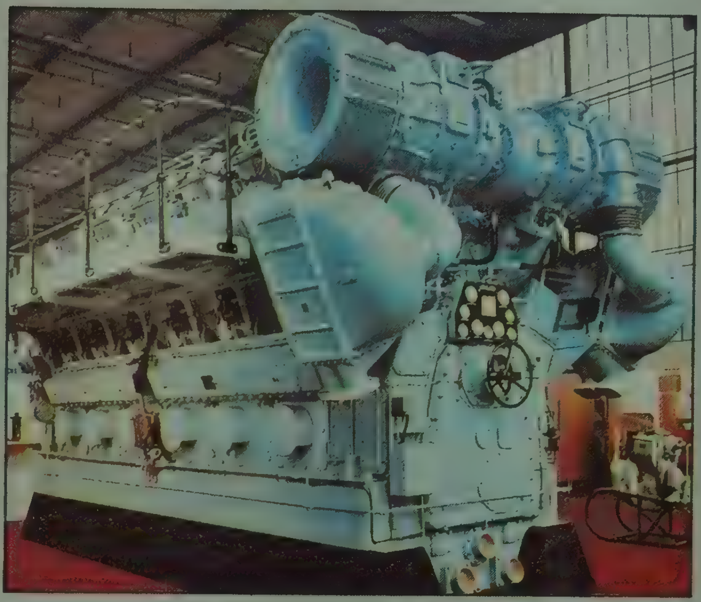


Engine Type : ESL



Engine Type : K&KV

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ESL 9	1487.	1747
ESL 12	1984	2331
ESL 16	2645	3107
K 8	4355	5175
K 9	4900	5815
KV 12	6532	7750

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BMA/MMB

WHERE VOLTAS LOOKED
BEFORE DESIGNING AN AIRCONDITIONER
FOR INDIAN CARS.
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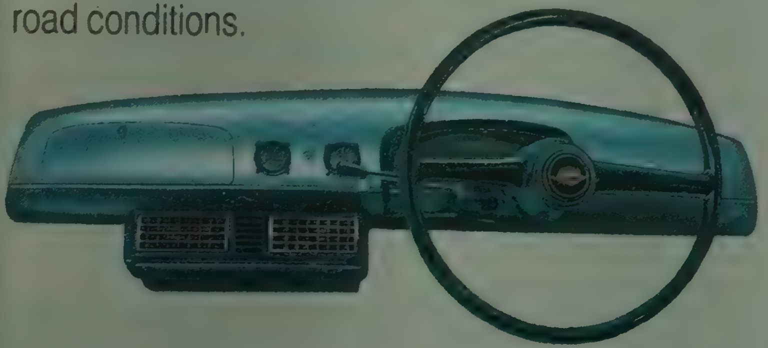
The experts at Voltas' highly sophisticated R&D centre looked under the bonnets of Indian cars. Studied the engines. And then using computer-aided design and manufacturing, developed their airconditioner.

So, for the first time in India, there's an airconditioner developed specifically to suit the engines of Indian cars.

More important, the engineers at Voltas' Airconditioning and Refrigeration Research Centre also studied Indian conditions.

BUILT FOR INDIAN CONDITIONS.

Voltas automotive airconditioners are specifically designed to weather Indian climate and road conditions.



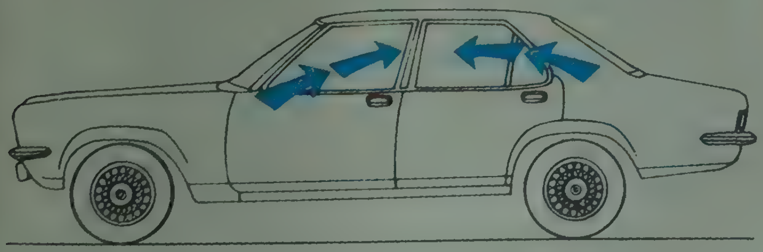
So, they're equipped with superbly rugged 'swash plate' compressors. They use 5 pistons, to cut down on engine strain and increase fuel economy.

Further the refrigerant system of Voltas airconditioners is sized optimally and tailored for each make of car, ensuring efficient cooling.

Of course, each Voltas airconditioner has a built-in thermostat with an automatic cut-off. Which keeps the temperatures within your car to your liking.

UNIFORM COOLING FOR LARGER CARS.

To meet the needs of India's larger cars, like the Contessa, Voltas has designed a system that cools the entire car, uniformly. This is done by a single compressor system with two cooling units, one in the front and one at the back. Which for once keeps the passengers as cool as the drivers. And puts the luxury back in luxury cars.



VOLTAS BUS & VAN AIRCONDITIONERS. A REVOLUTION IN DESIGN.

Voltas Bus and Van airconditioners are built to be uncomplicated and reliable.

So, instead of designing the conventional roof top airconditioner, Voltas' experts designed a unique modular system.

With split cooling units uniformly spaced to cool every part of the bus or van. No complex ducting systems. No major alterations or body work. And simple trouble-free working.

VOLTAS CAR AIRCONDITIONERS. BACKED BY 60 YEARS' EXPERIENCE.

Naturally, you'll reap all the benefits of Voltas' 60 years' experience in the service and maintenance of airconditioners.

Further, the parts of the Voltas airconditioner will be made by Voltas. This means spares will be easily available. And, every Indian motorist will soon be able to depend on the cool, dust-free atmosphere created by airconditioning.

If you're planning to aircondition your car, cut out the coupon and mail it to Voltas.

VOLTAS AUTOMOTIVE AIRCONDITIONERS. A PROUD ACHIEVEMENT OF VOLTAS R&D.

YES! I'm interested in an airconditioner that was designed with my vehicle's engine in mind.

I'd like to be one of the first few car owners to install a Voltas auto airconditioner. Rush me details.

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ADDRESS ________________

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Details of my car : Year: ________ Make: ________

BI/1 No of Kms.run: ________

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Enquiries also solicited from bus, refrigerated van owners and dealers. Product intially available in Bombay city only.

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Enterprise/VL/112 B

A FRESH LOOK AT THE TRUE VALUE OF PRODUCTS.

The new decade heralds the beginning of a new relationship between the corporation and its customer. A relationship where more will be demanded of the corporation — and more given.

It is a relationship that calls for every enterprise to give of its fullest — to abandon half-measures and work steadily and sincerely for the common good.

And it is a relationship that can only be sustained by constant evaluation: or in other words, a perpetually fresh look at the true value of products.

Perspectives on product value The true value of products lies in the extent to which they fulfil the needs of the consumer. And today more than ever, it is imperative that the entire corporate machinery should be geared to determining the extent of this fulfilment.

Does the product perform optimally in its socio-techno-economic environment? Going further, what after-sales support inputs can we, the manufacturers, provide? What are the special accessories that will extend its range of functions? And going beyond product development itself, is there a need gap in the market that we are in a position to fill with a new product?

In the 1990's, the corporation will be judged on how successfully it has explored and answered these questions.

Escorts in the 1990s From its inception, Escorts has acknowledged the importance of research and development. And today, we are fully prepared to meet the challenges of the 1990s.

Our R&D endeavour has been in tandem with some of the finest engineering think-tanks of the world: among others, AVL of Austria and Ricardo of the UK. And we have made extensive investments in R&D, the most visible manifestation of which is the multi-crore Escorts Research Centre.

Beyond manufacture, we have forged a closely-knit relationship with our dealers and customers—a relationship that is admired and emulated. And through our village adoption and afforestation programmes and the Escorts Medical Centre and the Escorts Heart Institute & Research Centre, we have sought to improve the way of life around us.

Today, with 22,000 employees, 16 modern manufacturing plants and a turnover of nearly Rs. 800 crores, Escorts is among India's top ten engineering corporations.

On the threshold of the 1990s, we reaffirm our commitment to the principles and the people who have brought us here.

ESCORTS LIMITED

ENGINEERING CHANGE

Anthem/EL/653/3

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A meteoric rise

Abhay Nalawade, *41, is a director on the board of Thermax Ltd*

For Abhay Nalawade, who was fascinated by science fiction in his college days and wanted to be a space scientist, his corporate career is the result of "a belated course correction". After completing a BSc in physics in 1969, he had joined MSc (physics) at IIT, Bombay, but soon realised that pure science was not his cup of tea at all. He switched to Pune University's MBA programme and completed it in 1973.

Brief stint. Having majored in marketing he decided to start his career in Bombay, and joined Zenith Steel Pipes Ltd, a Birla company, where he had a brief stint of one-and-a-half years. In 1975, Nalawade moved to Thermax, (then known as Wanson India Ltd) which then had sales of barely Rs.4 crore, for the "challenge and opportunity in this rapidly growing company".

Between 1975 and 1977, Nalawade introduced a systematic market research approach at the company's Bombay branch. His work was quickly recognised by the company and he was asked to streamline the market research operations at all the branches in India. And, as he recalls, it was "at Zenith that I learnt my basics in commercial engineering".

"Several new projects were on the anvil when I joined," he says, "and being in the projects planning division, I made several feasibility reports for them as well as a report on the product mix for Zenith's new mini steel plant. This gave me an insight into project engineering and capital goods selection. This later proved an asset when I took up capital goods marketing at Thermax."

In 1979, a spate of resignations by some top-level managers left several senior positions vacant. Overnight, Nalawade found himself elevated to the post of regional sales manager. "To Thermax, it didn't matter that I had no engineering qualifications or that I was just four years old in the company. What mattered was that they felt I could deliver the goods," says Nalawade. And that's exactly what he did.

In a single year, Nalawade took his region's sales from Rs.3.6 crore to Rs.6.9 crore. Small wonder then that by 1983 he had risen to become the all India sales chief. And even though 1984-1986 was a lean period for industry, Thermax's sales continued to grow; several other boiler companies like Westerworks, IAEC, and Calorex slipped into the red.

In 1985, Nalawade was asked to take charge of the entire process heat division, the largest manufacturing division of the company. From marketing to factory management was a great change for Nalawade. But within two years he proved his capabilities again.

Good teamwork. Nalawade's division developed, perfected and launched the latest fluidised bed technology in just six months. "This breakneck speed was possible due to excellent teamwork between our R&D, marketing and engineering departments," says Nalawade. A very successful service franchise scheme was also introduced.

With these successes, and the company itself growing very fast, Nalawade was offered a place on the board of directors in 1987. Meanwhile, the turnover of the process heat division had grown from Rs.16 crore in 1985 when Nalawade took over, to Rs.50 crore in 1989-90.

Last year, Nalawade was also given responsibility for the heat recovery and post-harvest divisions. Together, the three divisions under him contribute Rs.70 crore to Thermax's total turnover of about Rs.150 crore.

Asked about his phenomenal success, Nalawade says, "The management is very receptive to suggestions for innovation and change and gives a free hand to bright individuals." He has just returned from a short course at Harvard and is now working on the "challenge" of the new post-harvest division.

■ ROOP KARNANI

FRONTRUNNERS

At 27, **S. Narayanan** is one of the youngest area sales managers in Voltas Limited. "I was not cut out to be a chartered accountant," says Narayanan good humouredly. So after graduating with a degree in commerce, he joined Voltas in 1984 as a management trainee. This is a decision he does not regret. "The organisation affords adequate independence in operation and provides opportunities for job rotation and growth," explains Narayanan.

When he took over as area sales manager (appliances) in Madras in 1987, the market was turning competitive. "We improved our dealer service and used factual information to retain them," he says. Apart from being interested in the fine arts, Narayanan's hobbies include music and reading.

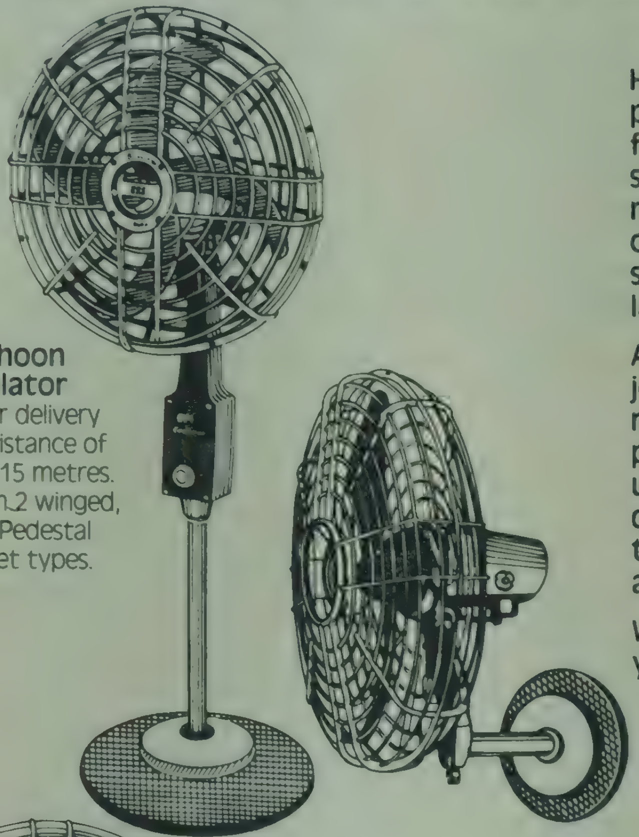
— D.P.

"Aggressive marketing," says **Menka Uttamchandani**, "is the name of the game." The 26-year-old marketing manager of Poona Industrial Hotels Ltd, has significantly contributed to raising the sales of this Kirloskar company to its present level: Rs.10 crore.

Uttamchandani, an MBA from Pune university, joined PIH as a trainee in 1984 and rose to the managerial level in two years. PIH owns Blue Diamond, a five star hotel in Pune and Hotel Pearl in Kolhapur and she boosted her company's sales tremendously when she initiated setting up a number of retail outlets — Baker's Basket — and also the flight catering services at Pune airport. In addition, Uttamchandani opened offices in Bombay and Delhi for more business. She is now involved in a new project — setting up a chain of smaller hotels in the towns of interior Maharashtra.

— R.K.

Ultimately, there is only one name in the air that stands for gold.

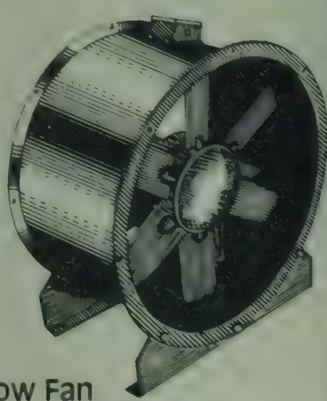


EPC Typhoon Air Circulator
Its large air delivery covers a distance of little over 15 metres. Available in 2 winged, 4 winged, Pedestal and Bracket types.

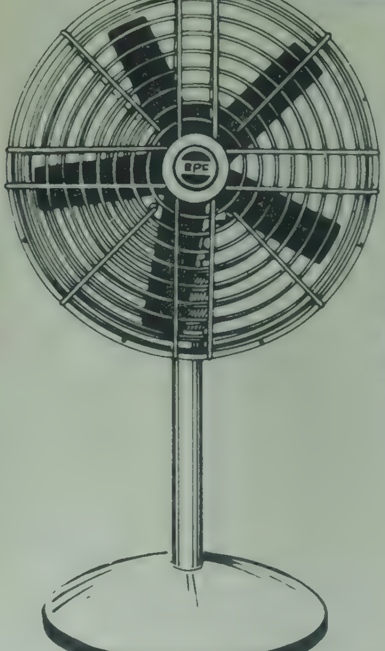
Here they are. The big-air producers exuding confidence, for the entire world to feel. In a stunning, sturdy spectrum. A range EPC holds its own, circulating air untiringly to soothe body and mind. Ensuring larger air coverage.

And, building it is not an easy job. It has to look right. Feel right. Above all, it has to perform. With precision. With uncompromising emphasis on quality. Not to mention, the technology... truly advanced and reliable.

Which is why EPC fans convert your money into an asset.



EPC Axial Flow Fan
Special designed for removal of dust and fumes where, due to long ducts, system-resistance is high and conventional exhaust fans prove inadequate. Available in long and short casings, bifurcated type and belt driven type.



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EPC Exhaust Fan
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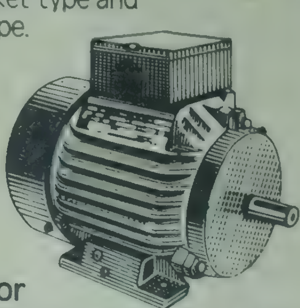

EPC Motor
Possesses high efficiency, suitable for industry, Agriculture, Domestic Pumps and other applications. It is totally enclosed fan-cooled squirrel cage and has a cast iron body (international frame).

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STUDIO/EPC/90

It looks like the compelling power of a video display unit tas the union minister for rban development, **Murasoli Maran**, is its clutches as well. Taking his cue from Living Media's *Newstrack*, Maran has launched a Tamil video magazine called *Poomalai* (garland f flowers).

Murasoli Maran is said to ave invested Rs.50 lakh on this

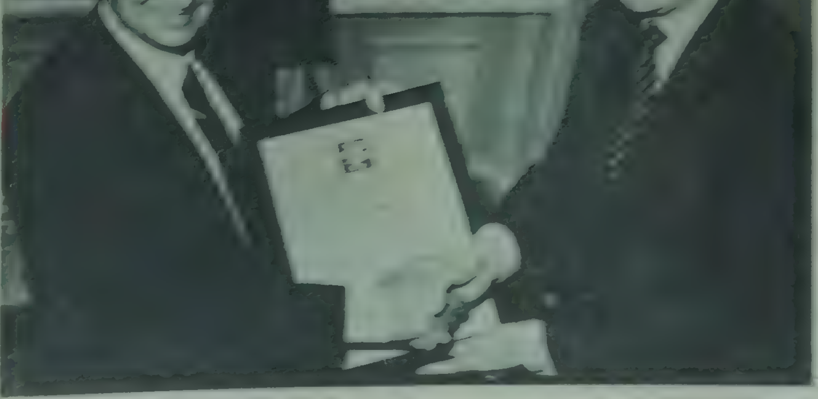
enture for which a separate ompany has been formed. The nion minister has also man- ged to import sophisticated ost-production equipment orth nearly Rs.20 lakh, for his deo magazine. He hopes to reak even with 500 cassettes nd the video libraries that are prouting all over the state are e prime targets. Of course, be- g Tamil Nadu chief minister . Karunanidhi's nephew has s advantages as well.

What do you think is common between nuclear hysics and the nineteenth cen- ury Hungarian composer and rtuoso Franz Liszt? Incredible s it may seem, the common de- ominator is our very own min- ter of state for defence, **Raja amanna**. Last fortnight nu- ear czar Ramanna — a model f sartorial elan in black suit nd red tie — regaled his audi- nce with a memorable perfor- ance on the piano at the Little heatre, National Centre for erforming Arts, Bombay.

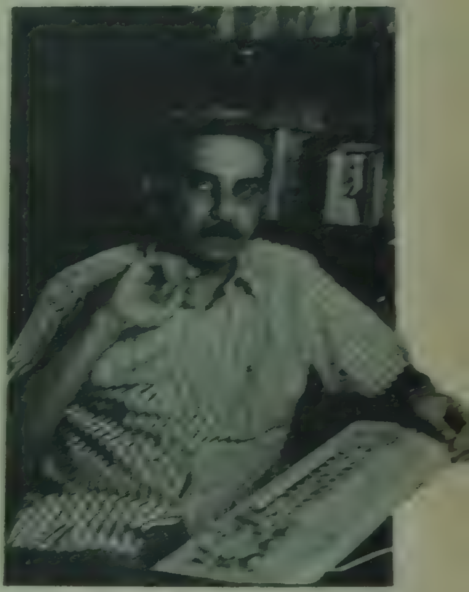
Liszt, who revolutionised key- oard technique, is known for his programmatic music which includes 12 symphonic poems, a form he invented. Ramanna not only displayed his mastery over the piano — it "was so good that I am tempted to play on it continuously," — he also explained each piece before playing it and elaborated on what motivated Liszt as well. Hungarian rhapsodies must have touched a chord in a fellow physicist — Atomic Energy Commission chairman P.K. Iyengar — who was conspicuous in the audience.

A proud moment it was for **Cyrus Poonawalla**, chairman of Serum Institute of India Ltd. when he flew down to London last month to receive the prestigious Gold Award Certificate from Dr. Stephen Lock, editor of *The British Medical Journal*. The award was given by the British Medical Association (BMA) for a film, *Sreekaar*, which depicts the inspiring story of the rehabilitation of a leprosy patient.

Produced by the Poona District Leprosy Committee, of which Poonawalla is a trustee and treasurer, the film was rated the best from among hundreds of docu-dramas entered from all over the world. Poonawalla's Serum Institute has done pioneering work in producing several life-saving vaccines. But Poonawalla is perhaps better known for his passion for racing and raising thoroughbreds in the country.



Between 8 am and 4.30 pm, **S. Rangarajan** is the additional general manager, D&E Computers at Bharat Electronics Ltd (BEL), Bangalore (he was also in charge of delivering the electronic voting machines). But after hours, he becomes Sujatha, a popular Tamil writer who uses the same computers to turn routine news reports into items of high fantasy. "Insat I-D crashed, government trying to cover up", reads the headline in the morning newspaper, but by evening it has been transformed into a spine-chilling plot for another of Rangarajan's bestsellers.



Rangarajan has 75 novels and 150 short stories to his credit and over a dozen Tamil magazines regularly publish his stories. He is also a favourite standby when magazine sales start dropping. He must also be one of the few writers who works on a Tamil word-processor, which was gifted to him by the Tamil Association in Dallas, US. When asked how he managed to keep pace with office work and write Rangarajan said, "The one relaxes me from the other." He was actually quoting Peter Ustinov, the Hollywood actor-director-playwright who also dabbled in writing.

Tackling over-ambitiousness

In an age of quick career growth, high sounding designations and spiralling salaries, companies are facing a new dilemma: that of managing the over-ambitious manager, who has reached the limit of his career, but is yet useful to the organisation. Increasingly, with headhunters doing the rounds, aggressive recruitment ads promising extraordinary career growth, four figure salaries and challenging jobs, many middle level managers foresee the possibility of becoming chief executive officers (CEOs).

And the more competitive and younger the organisation, the greater the pressure to have "general management" responsibility as a unit head, a profit centre head and ultimately as CEO at the earliest. The least that a middle manager expects is a designation that reflects a wider area of responsibility in preference to that of a functional manager, say, general manager.

State of mediocrity

It is a well known fact that the larger an organisation is, the less capable it is of meeting individual aspirations or demands. And yet these are the organisations that perhaps have a greater number of potential high fliers as well as more well paid senior, but mediocre managers. Unfortunately, this large body of middle level managers which forms the backbone of the organisation is unable to provide leadership to the establishment. Due to their "standardised" treatment, these organisations tend to lose talented managers and end up with senior mediocre managers who aspire for the position of CEO but lack the calibre required for the job.

Given the dearth of qualified persons with leadership ability and drive, top management often ends up asking itself: do we have extremely high expectations from people or does the job demand the kind of perspective, vision and leadership that is envisaged? More often than not the set-up ends by compromising standards by placing a mediocre manager in the top seat. A new set of problems subsequently arises when the incumbent is unable to deliver results.

The dilemma then is how to keep clear of a situation where top management is under pressure from such managers. And, more important, how does one make a manager aware that he has reached the limit of his career, though certainly, not in financial advancement.

The role of performance appraisals and counselling is important in this effort. It is imperative to recognise that high expectations stem from an unrealistic evaluation of an individual's worth or ability. This is often due to too quick an initial growth or lack of adequate feedback in the early years. Most organisations do not have an open feedback system as part of the appraisal, resulting often in the individual having an erroneous perception of his abilities. Even organisations that have a formal post appraisal system tend to gloss over the shortcomings and failures of their executives and fail to communicate adequately the standards of performance that they expect. This happens also due to the absence of defined standards of performance at junior and middle levels and a lack of potential assessment.

Artful management?

Making managers aware of their limitations is a delicate and tricky task. Most managements shy away from this task until perhaps it is too late and the manager has risen in the meanwhile, to a senior enough position to cause damage. This is often because senior management, not necessarily top management, is not rigorous enough in enforcing high standards of work and performance at the junior and middle levels. The fear of creating differences between peers is an equally important reason. The net result is that managers who are inadequately equipped for senior management jobs reach such positions and begin to demand better placements. And that is when the top management awakens, belatedly, to the problem.

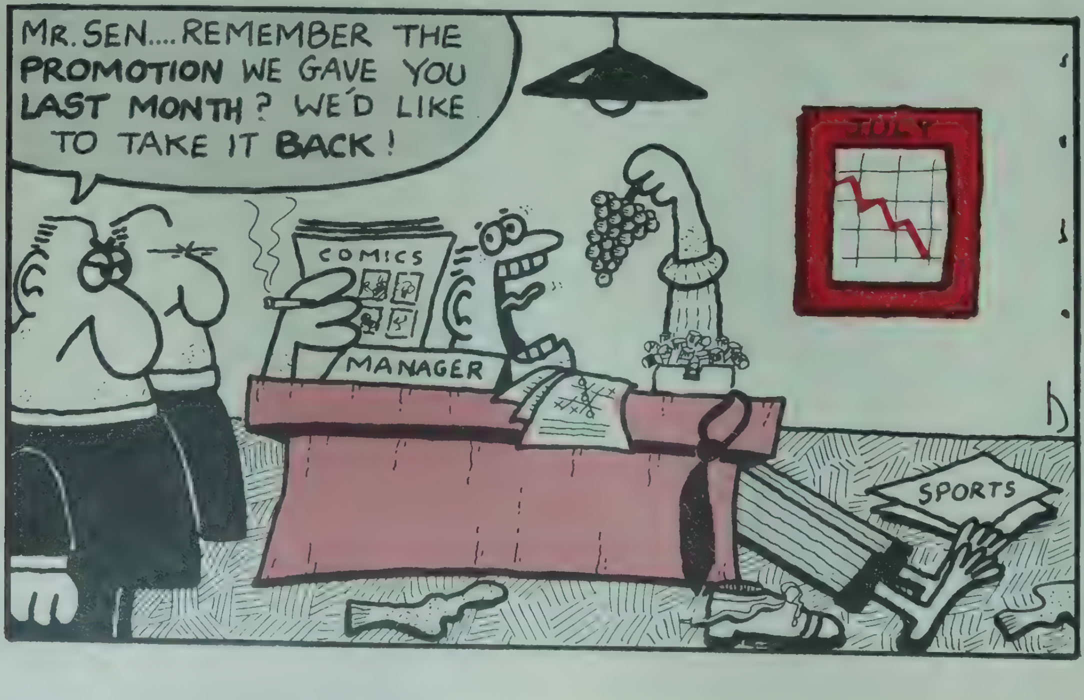
Often top management endeavours to find a solution by modifying the organisational structure illogically, which when implemented only causes frustration to talented managers at the lower levels. Sometimes an attempt is made to satisfy a manager's aspirations by bestowing grand titles. All these measures only serve to compound the existing problem.

Managements fear that an indication of no further growth opportunity is a sure way to lose a good functional manager which in turn could cause apprehension in the organisation. Letting the person ride along in the hope that he might make it someday is a better alternative. And this may well happen in the not too distant future — perhaps due to organisational circumstances!

The inherent danger in this logic is that the over ambitious manager is marking time and getting increasingly frustrated and perhaps not contributing even at the level he is capable of. Or he could suppress other talented managers under him, resulting in more long term damage to the organisation.

There is no doubt, however, that the over ambitious manager has to be treated humanely and with compassion, for, after all the organisation is equally at fault. There is, however, no doubt that an organisation is known by the men it keeps and no compromise can be made on this score.

■ ANITA RAMACHANDRA


MR. SEN.... REMEMBER THE PROMOTION WE GAVE YOU LAST MONTH? WE'D LIKE TO TAKE IT BACK!
COMICS
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JULY
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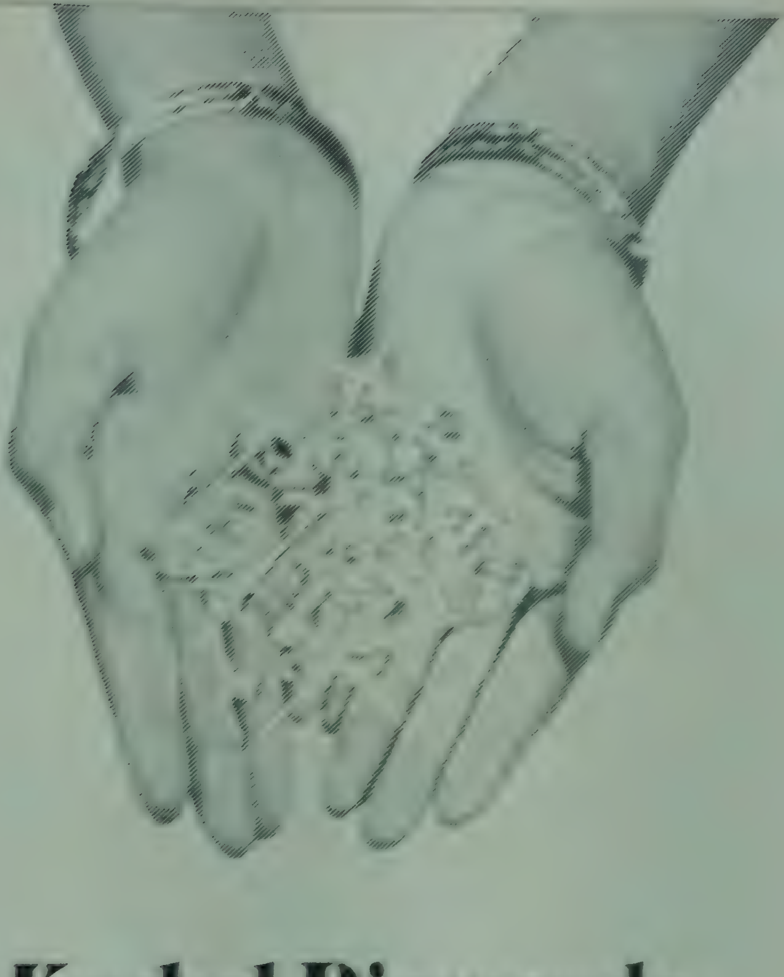

Kushal Diamonds - A brilliant investment from trusted promoters

The diamond industry has seen phenomenal growth over the past 10 years. And after the recent shake-out, the industry is poised for rapid growth in healthy environment.

Kushal Diamonds Limited has been promoted by the trusted name in the diamond industry, [illegible]

Invest with Kushal Diamonds. Invest with trusted promoters. The Company is shortly making a Public Issue of 18,12,000 equity shares of Rs. 10 each for cash at par.

Kushal Diamonds Limited
KDL
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Issue Highlights

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Lead Managers to the Issue

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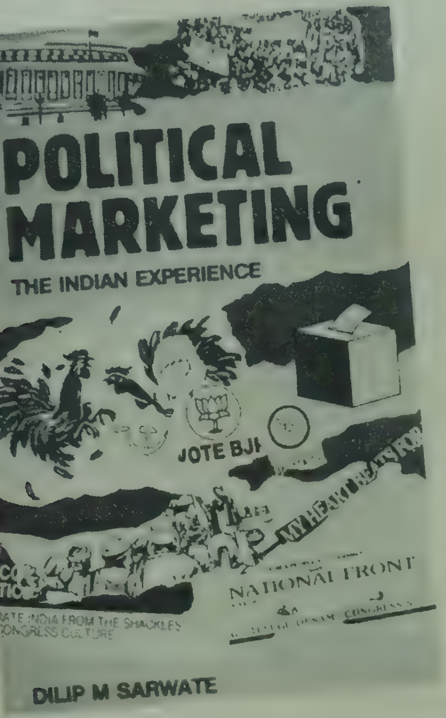
Capital Markets Group
Bombay

BOI FINANCE LTD
Wholly owned subsidiary of
Bank of India
Bombay

Indbank
Merchant Banking Services Ltd
Wholly owned by Indian Bank
Bombay

The vote bank as a market



POLITICAL MARKETING, THE INDIAN EXPERIENCE
By Dilip M. Sarwate
TATA McGraw Hill, 1990, pp206, Rs.135

Politicians have been doing it for years. All this election time talk of vote banks, caste equations, tall promises, etc is no different from what Dilip Sarwate terms political marketing. Only, political campaigning and electioneering may not have actually been called marketing of political ideologies and politicians. None the less, since the essential concepts are the same, Sarwate's latest book would convey a sense of *deja vu* to all political aspirants in this country, most of whom would have learnt the art of handling and convincing people rather early.

While the book more or less succeeds in its attempt to redefine political processes in marketing terms, one wonders if the author's perspective will be seen as useful by Indian politicians. Governed as they are by the need to indulge in socialist rhetoric in public, many will find themselves ill at ease with a text that talks of their objectives in capitalist terms like marketing.

Prolific use
However, the last general election saw, for the first time, a slick and prolific use of various media — videos, audio-cassettes, print advertisements, posters, and even TV broadcasts. Obviously, the need for media planning has become both critical and essential for political parties. Hence, it is only logical that they engaged the services of advertising and PR agencies.

The book explores such ideas in a fairly interesting way. But it is not always easy to agree with the author's conclusion. For example, according to him the Congress-I campaign failed because it was a negative one. (If that was the case, most election speeches would have boomeranged on the candidates making them, as they usually contain little more than slander about the opponents.)

Badly managed image
The failure of the Congress-I blitz seemed to be merely a reassertion of the conventional wisdom that no ad campaign — however brilliant or loud — can sell a product that the consumer is dissatisfied with and determined to boycott. The Congress-I campaign of 1989 was unlike that of 1984, when Rajiv was effectively able to convey to the populace what they wanted to hear. However, after five years of a clumsily managed image no amount of advertising could help him.

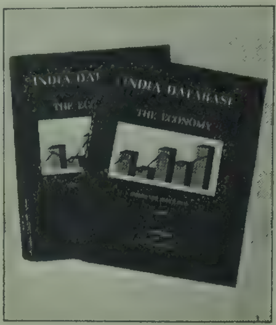
Obviously, the need for media planning has become both critical and essential for political parties. Hence, it is only logical that they engaged the services of advertising and PR agencies

That Sarwate should choose to illustrate his theory with this case, is therefore rather awkward. But then the use of marketing principles, however crude, is nascent in Indian politics, and Sarwate could not have found any other example — appropriate or otherwise — as none exist.

The book does break new ground and offers a fresh look at an otherwise boring subject. The simplicity of the book should also prove an asset as many of its intended readers are not quite comfortable with the English language. The only problem is the textbook format in which the volume has been designed, making its appearance less than interesting.

■ SUMIT GHOSHAL

The economy between two covers



INDIA DATABASE: THE ECONOMY (Annual Time Series Data in two volumes)
By H.L.Chandhok and The Policy Group Living Media, New Delhi, 1990, pp 1135, Rs.1,950

This two-volume series truly contains everything you always wanted to know about the Indian economy, and would have wanted in one place (preferably in a single publication in an easy-to-refer format), but couldn't find any such source, because none existed.

The one advantage that researchers and journalists have had in India, that is absent in most Third World countries, is the prolific amount of information on social sciences that is generated here. We seem to have always believed in assiduously collating, compiling, and tabulating data not just on all aspects of our economic performance, but also on social issues. Every ministry and every department thereof puts out at least three documents every year informing the public of not only their performance for the past year, but their plans and budget for the next year too.

Inaccessibility of data. And yet, information seekers are constantly complaining of the inaccessibility of all this data. Firstly, where are these publications available? And if found, how does one refer to this tome? The failure is on three counts: documentation, presentation, and distribution. The first is terribly complicated, the second crude, and the third is totally inadequate; and all three go towards making reference tedious and heavy-going, if available at all.

But, with the combined market-oriented skills of Prannoy Roy (of the Policy Group) and Living Media (publishers of *India Today*), we now have a databook that is as user friendly as it is comprehensive, covering almost every aspect of the Indian economy. While it is not completely up-to-date (latest figures given are only up to 1987-88), it can still quite rightly be called the best reference text on the Indian economy.

■ A.R

Ashok Sud has been promoted as general manager, projects, of Fibreglass Pilkington Ltd.

Y.S. Bhave has taken over as managing director of Maharashtra State Financial Corporation (MSFC).

Ashok Mittra has been appointed general manager, marketing, of Sumitra Pharmaceuticals & Chemicals Ltd.

S.P. Puri has been promoted as general manager of National Fertilizers Ltd, Vijaipur.

Shankar Ganguli has joined The Empire Finance Co Ltd as managing director.

A.M. Wadia has taken over as managing director of Loss Prevention Association of India Ltd.

Jaisingh R. Jagtap has been appointed on deputation as president of Hotel Corporation of India.

S. Rajagopal has taken over as chief general manager of State Bank of Travancore.

R.K. Gupta has been promoted as whole time director of Usha Rectifier Corporation (India) Ltd.

Pranab Kumar Mukhopadhyay has taken over as chairman of Indian Oil Corporation.

C.V. Naidu has taken over as director, operations, on the board of Videsh Sanchar Nigam Ltd.

A.N. Shukla has taken over as general manager of Central Railway. **R. Balasubramanian** has taken over as chief administrative officer, construction.

R.C. Gupta has been appointed chief general manager of NABARD in Bombay. **C.M. Kamdar** has taken over as deputy general manager in Calcutta.

Kamal Taori has taken over as chief executive officer of the Khadi and Village Industries Commission.

J.N. Daulatjada has been appointed executive director of Bank of Baroda.

P.L. Kapur has been promoted as vice-president of Sita World Travel (I) Pvt Ltd.

M.K. Rao has taken over as general manager of Eastern Railway.

A. Mehrotra has been appointed director on the board of West Bengal Tourism Development Corporation Ltd.

R.M. Arora has been appointed director, finance, of RITES.

S. Subramanyam has been appointed executive director of Central Bank of India.

K.R. Ramamoorthy has been appointed executive director of Corporation Bank.

ASSOCIATIONS

M.K. Modi has been elected president of the Indo-American Chamber of Commerce for 1990-91. **Ashda D. Lalwani** has been re-elected chairman of the Chamber's Karnataka branch committee.

D. Ganguly and **Nandita Sen** have been elected president and vice-president, respectively, of the Calcutta Management Association for 1990-91.

Satyanarayan Gupta has been unanimously re-elected president of the Federation of Andhra Pradesh Chambers of Commerce and Industry.

A.N. Chunder has been elected chairman of the Calcutta Hydraulic Press Association for 1990-91.

C.P. Krishnan Nair has been appointed chairman of AIMO's special council for tourism and civil aviation.

P. Goswamy has been elected honorary secretary of the All India Instrument Manufacturers and Dealers Association for 1990-91.

Sheshrao A. Deshmukh and **Ramchandra T. Margaj** have been elected chairman and vice-chairman, respectively, of the Maharashtra State Cooperative Housing Finance Corporation for 1990-91.

Ramu Pandit and **Ashok Sharma** have been elected president and vice-president, respectively, of the Bombay Management Association.

Mallika Srinivasan has been elected president of the Madras Management Association for 1990-91

Senior executive positions

A compilation of executive jobs advertised in **Business India** and other major publications between 18 June and 1 July 1990.

THE FOUR BEST JOBS

- EXECUTIVE DIRECTOR (International Hotel Chain) * Delhi * _Sal_ Rs.2.5 lakh + housing + car + perks * _Age/Qlfn_ 40-45 years * MBA * _Reqd_ Market-oriented and similar industry exposure * _Cont_ EDH/BPA/3014, B.P. Agrawal, Chairman, ABC Consultants Pvt Ltd, 43/3 Hazra Road, Calcutta 700019 (HT - 19.6)
- CHIEF EXECUTIVE (Finance Company) * Delhi * _Sal_ Excellent + car with driver + house + perks * _Age/Qlfn_ NS * Professionals * _Reqd_ 12-15 years experience and wide knowledge in the field * _Cont_ Mr. S.K. Bhargava, Group Chief Executive, Eicher Goodearth Ltd, Eicher House, 12 Commercial Complex, Greater Kailash II, New Delhi 110048 (ToI - 25.6)
- PRESIDENT * Thailand * _Sal_ NS * _Age/Qlfn_ 40 years * CA/MBA * _Reqd_ 15 years experience of which at least 5 years as overall in-charge of a continuous organic chemical plant * _Cont_ P.S. Chohan, President, Aims Management Consultants, 42 Veer Nariman Road, Bombay 400023 (ToI - 24.6)
- VICE-PRESIDENT (Commercial) * Pune * _Sal_ Excellent + accommodation + car * _Age/Qlfn_ 38-42 years * CA or an engineer, MBA from an IIM * _Reqd_ Around 10-25 years experience in handling commercial functions of which 2-3 years at a comparable level with reputed manufacturing organisations * _Cont_ The Executive Director, Finolex Cables Ltd, 26-27 Bombay-Pune Road, Pimpri, Pune 411018 (ToI - 25.6)

WEST

- MARKETING DIRECTOR * Bombay * _Sal_ Rs.2 lakh p.a. + car + tel + perks * _Age/Qlfn_ 45-50 years * Good academic background * _Reqd_ About 20 years experience in marketing of which at least 10 should be in a senior position * _Cont_ Durga Enterprise, 402, Asit Society, Mount Mary, Kane Road, Bandra, Bombay 400050 (ToI - 18.6)
- GENERAL MANAGER (Foundry) * Bombay * _Sal_ NS * _Age/Qlfn_ NS * Mechanical/metallurgical engineer * _Reqd_ At least 5 years experience in managing a company. Experience in general management of steel and alloy foundries * _Cont_ General Manager (Personnel & Development), Mukand Ltd, Lal Bahadur Shastri Marg, Kurla, Bombay 400070 (ToI - 18.6)
- GENERAL MANAGER (Personnel) * Bombay * _Sal_ Excellent + housing + perks * _Age/Qlfn_ Around 45 years * PG in personnel management * _Reqd_ About 15 years relevant experience in professionally managed companies * _Cont_ A.F. Ferguson Associates, Post Box No.1786, Bombay 400001 (ToI - 18.6)
- CORPORATE MANAGER (Human Resources) * Bombay * _Sal_ Excellent + housing + car + perks * _Age/Qlfn_ 45-48 years * PG with specialisation in human resource * _Reqd_ At least 15 years experience of which 5-7 years in a top management position in a large magazine * _Cont_ Managing Director, National Organic Chemical Industries Ltd, Mafatlal Centre, Nariman Point, Bombay 400021 (H - 27.6)
- VICE PRESIDENT (Electronics) * Bombay * _Sal_ NS * _Age/Qlfn_ 40-45 years * BE (Electronics), preferably with a management background * _Reqd_ 10-15 years overall marketing experience in the field of electronics of which 4-5 years at a similar level * _Cont_ The Personnel Manager, HTE Enterprises Ltd, 43, Dr. V.B. Gandhi Marg, Fort, Bombay 400023 (ToI - 18.6)
- CHIEF EXECUTIVE (Sales) * Bombay * _Sal_ NS * _Age/Qlfn_ NS * Technical qualification (preferably an MBA) * _Reqd_ NS * _Cont_ General Manager (P&A), Shakti Insulated Wires Ltd, Dattapada Road, Borivili East, Bombay 400066 (ToI - 20.6)
- GENERAL MANAGER (Marketing) * Hyderabad * _Sal_ Rs.1.4 lakh p.a. * _Age/Qlfn_ 45 years * Mechanical/metallurgical engineer * _Reqd_ 20 years relevant experience including 5 years as head of sales in a large special/alloy steel plant * _Cont_ Powmex Steels Ltd, 8-2-621/A, Road No.10, Banjara Hills, Hyderabad 500034 (ToI - 18.6)
- FINANCIAL CONTROLLER * Hyderabad * _Sal_ Attractive * _Age/Qlfn_ NS * CA * _Reqd_ 4 years relevant post-qualification experience in a manufacturing company * _Cont_ ES-1020, S.B. Billimoria & Co, 3-6-111/5, Himayatnagar Rd, Hyderabad 500029 (H - 23.6)
- VICE-PRESIDENT (Engineering) * Alibaug * _Sal_ NS * _Age/Qlfn_ First class in mechanical engineering * _Reqd_ 20-25 years experience in a senior position in maintenance/erection of large steel/chemical/petrochemical/fertiliser plants *_Cont_ P.S. Chohan, President, Aims Management Consultants, 42, Veer Nariman Road, Bombay 400023 (ToI - 20.6)

NORTH

- CHIEF EXECUTIVE * Gwalior * _Sal_ NS * _Age/Qlfn_ NS * Engineering or PG in management * _Reqd_ 3-5 years experience in strategic planning and overall management of a company * _Cont_ Gwalior Strips Ltd, 221, Okhla Industrial Estate, New Delhi 110020 (BI - 8.7)
- GENERAL MANAGER (Personnel & IR) * Rajasthan * _Sal_ Attractive + house + perks * _Age/Qlfn_ 35-45 years * PG in personnel management * _Reqd_ 10-15 years relevant experience and at least about 5 years as head of personnel/IR function in a large plant * _Cont_ Personnel Selection Division, Mantec Consultants P Ltd, P.B. No.33, New Delhi 110019 (ToI - 18.6)
- CHIEF EXECUTIVE * New Delhi * _Sal_ NS * _Age/Qlfn_ 35-45 years * Engineers, preferably with an MBA * _Reqd_ 15 years experience in a large or medium-sized industrial organisation of which the last 5 years in a senior management level * _Cont_ Deputy General Manager (Personnel), Uptron India Ltd, 10 Ashok Marg, Lucknow 226001 (ToI - 25.6)
- FINANCIAL CONTROLLER * Udaipur * _Sal_ NS * _Age/Qlfn_ 40 years * CA * _Reqd_ At least 5 years experience in a similar position in a large, reputed organisation *_Cont_ U.M. Shah, Consultant, A/94, Paschim Apartments, Kashinath Dhuru Marg, Prabhadevi, Bombay 400025 (ToI - 25.6)
- GENERAL MANAGER (Quality Control) * North India * _Sal_ Rs.7,500 + house + car + perks * _Age/Qlfn_ 42-50 years * Mechanical engineers with PG in quality control * _Reqd_ At least 20 years relevant experience in automobile/large light engineering industry of which at least 5 should have been in a similar position *_Cont_ Oman Consultants Pvt Ltd, 14-D, Basant Lok, Vasant Vihar, New Delhi 110057 (HT - 22.6)

EAST

- GENERAL MANAGER * Calcutta * _Sal_ Rs.10,000 + car + HRA + perks * _Age/Qlfn_ 40-45 years * CA/MBA * _Reqd_ Experience in computerisation, aggressive business development and efficient operations management * _Cont_ ABC Consultants Pvt Ltd, 43/3 Hazra Road, Calcutta 700019 (BI - 8.7)

Executive positions

TOI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

NATIONAL

- EXPORT MANAGER * Bombay * *Sal* NS * *Age/Qlfn* NS * Mechanical/metallurgical engineer, preferably with an MBA * *Reqd* Commercial background in exporting engineering products * *Cont* General Manager (Personnel & Corporate Development), Mukand Ltd, Lal Bahadur Shastri Marg, Kurla, Bombay 400070 (ToI - 18.6)
- CHIEF INTERNAL AUDITOR * Bombay * *Sal* Attractive + perks * *Age/Qlfn* Around 35 years * CA and preferably cost accountant/law graduate * *Reqd* Around 10-12 years experience in accounts/finance in a senior management position of which at least 5 years in internal audit * *Cont* Executive Vice President, Blue Star Ltd, Kasturi Buildings, Jamshedji Tata Road, Churchgate, Bombay 400020 (ToI - 18.6)
- COMMUNICATIONS MANAGER * Bombay * *Sal* Attractive + housing + perks * *Age/Qlfn* 30-40 years * Graduate with a flair for writing in English besides Hindi/Marathi * *Reqd* 8-10 years experience in communications in a good company and/or in journalism * *Cont* Ref:CM, Executive Director, Personnel, Hindustan Lever Ltd, P.O. Box 409, Bombay 400001 (ToI - 20.6)
- MANAGER (Finance & Banking) * Bombay * *Sal* NS * *Age/Qlfn* 30 years * CA * *Reqd* 5-7 years post-qualification experience. Should be familiar with working in an EDP environment * *Cont* Vice-President (Personnel & Administration), Boehringer-Knoll Ltd, United India Building, P. Mehta Road, Fort, Bombay 400007 (ToI - 21.6)
- MARKETING MANAGER * Bombay * *Sal* NS * *Age/Qlfn* Around 35 years * Chemical engineers or PG in chemistry preferably with an MBA * *Reqd* At least 5 years exp in marketing surfactants or specialty chemicals * *Cont* Vice-President, Gujarat-Godrej Innovative Chemicals Ltd, Pirojshanagar, Eastern Express Highway, Vikhroli (E), Bombay 400079 (ToI - 25.6)
- COMMERCIAL MANAGER * Bombay/Pune * *Sal* NS * *Age/Qlfn* 30-39 years * CA * *Reqd* 5-8 years relevant experience in a large business house * *Cont* Personnel Manager, Fedders Lloyd Corporation Ltd, 386, Veer Savarkar Marg, Prabhadevi, Bombay 400025 (ToI - 27.6)
- MARKETING MANAGERS * Bombay * *Sal* NS * *Age/Qlfn* 35-40 years * Engineers * *Reqd* 12-15 years experience in industrial marketing of high value engineering items * *Cont* Manager (Human Resources), Greaves Cotton & Co Ltd, 1, Dr. V.B. Gandhi Marg, Bombay 400023 (S - 27.6)
- REGIONAL MANAGERS * Bombay, Delhi and Calcutta * *Sal* NS * *Age/Qlfn* NS * Science graduates * *Reqd* Should have minimum 3 years proven track record in hospital sales. Fluency in English and a local language * *Cont* Manager, Sales Promotion, Lyka Labs Ltd, 77 Nehru Road, Vile Parle (E), Bombays 400099 (ToI - 28.6)
- FINANCE MANAGER * Northern India * *Sal* Attractive * *Age/Qlfn* 44 years * Graduate in commerce/ACA/business management. CS qualification an advantage * *Reqd* Minimum 10 years experience in financing of projects and operating assets in the process industry at a senior level * *Cont* Box L 222-K, Times of India, Bombay 400001 (ToI - 26.6)
- WORKS MANAGER * Bangalore * *Sal* Rs.1-1.5 lakh p.a. * *Age/Qlfn* 45 years * Mechanical/production/industrial engineer * *Reqd* 12-15 years production/works management experience in a large engineering industry * *Cont* P.N. Venugopal & Associates, C/o DBS Executive Centre, 1-A, Church Street, Bangalore 560001 (H - 20.6)
- MANAGER (Corporate Accounts) * Bangalore * *Sal* NS * *Age/Qlfn* NS * NS * *Reqd* NS * *Cont* Vice President (Finance & Administration), 92 Industrial Suburb II stage, Yeshwantpur, Bangalore 560022 (ToI - 22.6)
- MANAGER (Marketing) * Madras * *Sal* Ns * *Age/Qlfn* NS * PG degree/diploma in management * *Reqd* 5 years experience in the field of which at least 2 years in product management in a reputed organisation * *Cont* The General Manager (HRD), EID Parry (India) Ltd, P.O. Box No.12; Madras 600001 (ToI - 25.6)

OVERSEAS

- COMMERCIAL MANAGER * Sultanate of Oman * *Sal* Attractive + housing + car + perks * *Age/Qlfn* 35-40 years * Relevantly qualified persons (preferably with an MBA) * *Reqd* Should have a successful track record in institutional sales and international sourcing * *Cont* (MS/5525), A.F. Ferguson & Co, P.B. No. 1786, Bombay 400001 (ToI - 1.7)
- BUSINESS MANAGERS * Muscat, Sultanate of Oman * *Sal* Attractive + accommodation + car + perks * *Age/Qlfn* 35-40 years * Graduates, preferably in an engineering discipline * *Reqd* Should have proven track record in sales/marketing and excellent communication skills and leadership qualities * *Cont* The Administration Manager, P.O. Box 169, Muscat, Sultanate of Oman (ToI - 1.7)
- MARKETING/SALES MANAGER * Muscat-Oman * *Sal* NS * *Age/Qlfn* 35 years * Graduates in business/marketing management * *Reqd* Minimum 8-10 years experience in automobile sales with proven track record * *Cont* P.O. Box 656, Muscat, Sultanate of Oman (ToI - 24.6)
- PROJECT ACCOUNTANTS * Papua New Guinea * *Sal* Rs.3.4 lakh + benefits * *Age/Qlfn* 30 years * CA/ICWA/MBA (Finance) * *Reqd* Minimum 5 years post-qualification experience in a large reputed organisation * *Cont* ABC Consultants Pvt Ltd, 4, Khader Nawaz Khan Road, Madras 600006
- DATABASE ADMINISTRATOR/SYSTEMS MANAGER * Saudi Arabia * *Sal* Excellent * *Age/Qlfn* NS * Degree in computer science or engineering * *Reqd* 5 to 6 years experience in relational database design and implementation using Oracle and Network SQL under distributed environment * *Cont* Ref. No. RM/F-4032, Datamatics Staffing Services, Post Box No.106, GPO, Bombay 400001 (ToI - 24.6)

Please turn over for

BUSINESS INDIA APPOINTMENTS

OVERSEAS APPOINTMENT

the concept *have been retained by a well established Multinational group of Indian origin with interest in Export trading, Shipping and Manufacturing and having operations in Far East, Africa and Europe, to recommend to them a general management professional to oversee operations of one of their companies.*

CHIEF EXECUTIVE

Cosmetics & Health Hygiene Company Nigeria

The Product Range: The company manufactures and markets various cosmetics, health hygiene products and paper products.

The Job: The Chief Executive will head the company and run it as a profit-centre with independent control of company operations involving day to day supervision over the key functional areas - Marketing/Sales, Manufacturing, Finance and Administration.
The incumbent will report to the Director-in-charge at Head office.

The Candidate: The candidate should be an MBA from a premium Institute with an Engineering or Accounting background and with at least 5 years of Marketing experience of consumer products in a senior capacity. Experience in marketing of consumer disposables and/or Factory management will be an added advantage. Preferred Age: around 35 to 40 years.

The Emoluments & The Perquisites: In addition to salary there will be very liberal perquisites such as fully furnished accommodation, with amenities to lead a comfortable life for self and the family including Chauffer driven car, Club Membership and Medical.
The incumbent will be entitled to paid leave of 6 weeks for every year of service with to and fro Airfare for self and the family . He will also be entitled to receive performance Bonus and Gratuity as per rules of the company.

The Savings Potential: **The package will offer an external savings to the tune of Rs. 2.5 lacs per annum. Higher savings can be considered for exceptional candidates.**

All applications will be treated in strict confidence. Please write within seven days along with contact telephone numbers to:

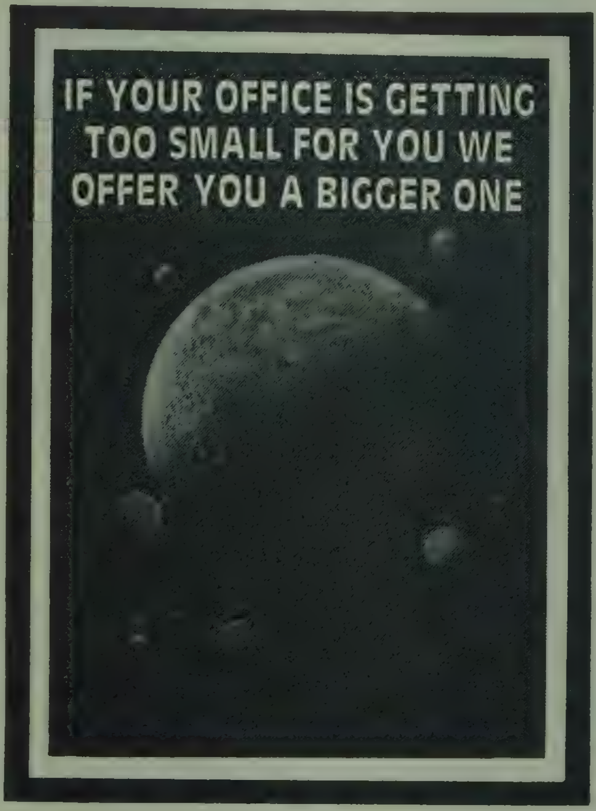
CHANDER BATHEJA
Chief Executive

THE CONCEPT
Counsel of Management Services

67, White Hall, (Next to Hotel Shalimar at Cumballa Hill),
143, August Kranti Marg, Bombay 400 036.

Phone Nos: 8224422, 8224423 and 8118319. Telex: 011-75182, Fax: 8556699, Gram: CONCEPTO.

C/074/90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The world. As **Chief Executive** of the **Export House** of the Shaw Wallace Conglomerate. A job that offers challenges to suit your philosophy of growth. And that of the Group. Today, the Shaw Wallace Conglomerate is one of the most distinguished, blue-chip corporations of India with a turnover of Rs 500 crores. Our activities span 20 businesses and 55 products including detergents, toiletries, tea, yeast, shipping, real estate, fertilizers and pesticides.

We are looking for a dynamic person in the age group of 40-50 years. He would be based in Bombay or Delhi and would be required to set up, restructure and reconstruct for fast-track growth. His responsibilities include exporting in-house products, sourcing quality products from other manufacturers, developing markets abroad and dealing with export entitlements.

He should have worked in a large Export House for at least 10 years; and should know the major export markets and their potentials. He must also have an impressive network of contacts overseas.

The remuneration package is attractive and compares with the best in the industry.

So, if you want the world at your feet, please apply with a detailed resume within 10 days to:

Assistant Vice President—Staff,
Shaw Wallace & Company Limited,
4 Bankshall Street, Calcutta 700 001.

Shaw Wallace

THE SHAW WALLACE CONGLOMERATE
THE SPIRIT OF ENTERPRISE

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ABC's major specialisations include Corporate Consultancy

CHIEF EXECUTIVE

DELHI ATTRACTIVE TERMS

We have been retained by a highly reputed, professionally managed Industrial Group with an annual sales turnover exceeding Rs 100 crores to select a Senior Professional to be based at Delhi, to take **independent charge as Profit Centre Head for their Refractory units.**

The incumbent shall have total accountability for achieving a high degree of performance in all aspects of management. He will lead & motivate a team of Professional Managers for achieving the corporate objectives. Key performance areas shall be **a) Identification of market segments b) Technological upgradation & Product Development c) Long term goals& Diversification d) Production & Industrial Relations e) Team Management & Leadership f) Administration & Coordination.** The ideal candidate shall be a mature Business Manager with about 5 years experience in a Senior Management position having multi-functional responsibilities. **Exposure to Refractory Industry backed by high degree of managerial competence shall be a definite asset.** Age : Around 45 years.

This is a senior position in the company and offers excellent growth opportunities. An excellent remuneration package, comparable with the best in the industry shall be offered. Please write in strict confidence to **A.K. Matta, Manager,** within 10 days with detailed bio-data, details of current & expected emoluments and contact telephone number, quoting job title and code : CE/DEL/1119.

Personnel Selection Division

ABC CONSULTANTS PRIVATE LIMITED

209 Meghdoot, 94 Nehru Place, New Delhi-110 019 Phone : 6464380

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REQUIRES

V.P. – COMMERCIAL

Ours is a reputed, professionally managed public limited company, a leader in its field, involved in manufacturing a wide range of industrial products. The rapidly growing operations of the Company, coupled with the necessity to focus adequately on commercial functions, has created the need for this new position. The current turnover of the Company is around Rs. 125 crores.

The appointee will report to the Executive Director and will head all commercial functions covering finance and accounts, procurement, taxation, budgeting and MIS, co-ordination with manufacturing, etc. The major emphasis will, however, be in effectively co-ordinating, integrating and controlling the FINANCE and PURCHASE functions, which will involve planning and procurement of large-volume imports of raw materials and other local purchases, negotiations with foreign and local suppliers, inventory management, effective funds management for short and long finances including foreign exchange transactions, etc.

We are looking for a Chartered Accountant or an Engineer – MBA from one of the IIM's with around 10-15 years' experience in handling commercial functions, of which 2-3 years at a comparable level with reputed manufacturing organisations. Experience in handling large volume imports, and in-depth exposure to financial management in companies of comparable size, are essential. Indian Business House experience will be an asset. Age Group: 38-42.

The Salary & Perks will be excellent and include Company Accommodation and Car.

Write in strict confidence within 10 days to The Executive Director,
Finolex Cables Limited,
26-27 Bombay-Pune Road, Pimpri, Pune - 411018.

Finolex gets people together

AMRIT

PROTEIN FOODS LIMITED

Ours is a newly established Company promoted by Amrit Banaspati Co. Ltd., a well known manufacturers of vanaspati, refined oils, paper etc. Our Company has already commenced its production and is presently engaged in the manufacturing of soyamilk products under the brand names of 'Big Sipp' & 'Golden Glow'. We are on the look out for a high profile :

VICE PRESIDENT

The incumbent will have overall responsibility of works as a profit-centre including Production, Planning, Marketing, Administration, costs, all Commercial matters and liaison with relevant Government Agencies. Ability to function independently, maintain high degree of inter-personal relations and provide leadership to a team of experienced managers are some of the important qualities required.

Ideal candidate is expected to be a senior and dynamic professional with at least 10-15 years work oriented experience preferably in the Food Processing Industry. We are looking for a mature, resourceful and result oriented candidate with stable and successful track record in the Age group of 40-45 years.

MARKETING MANAGER

The job involves conceptualising marketing strategy, product launch and all related marketing and sales activities of the Company. We are looking for a highly result-oriented professional with great goal-clarity, commonsense, diligence, a compulsion to succeed and the courage to take hard options. An exposure to direct marketing involving substantial high pressure consumer education, demonstration and persuation skills is essential. Experience of selling relatively new health food products concept to commercial establishments and households will be a definite asset.

Ideal candidate would be required to lead and motivate a team of aggressive sales executives thriving on performance. Preferred age : 35 to 40 years.

The remuneration package shall not be a constraint for the right candidates. Please apply in strict confidence within 10 days alongwith detailed resume and passport size photograph to :

THE DIRECTOR
AMRIT PROTEIN FOODS LTD.
AMRIT NAGAR, G.T. ROAD,
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Now is the time to take advantage of the opportunities available in our exciting campus. We are confident that our campus which is advancing towards 1 lakh sq. metre of facility for manufacture of TV sets, Plastic injection moulding and TV components like Electronic Tuner, Flyback Transformer etc. is going to be the most advanced facility in India for such products.

Individuals who possess keen technological leadership and abilities are in demand for the following position.

DY. GENERAL MANAGER (MFG. ENGINEERING) AURANGABAD

Applicants for this position would be 40/50 years old with either M. Tech. degree in Production Engineering Technology or B.E. followed by post graduate qualifications in Industrial Engineering from reputed institutes like NITIE or the IITs.

We are looking for candidates with comprehensive knowledge of manufacturing technology acquired through hands on and system level project and manufacturing experience in a high volume production unit, such as Switch Gear, Automotive, Watches, Telecom or Consumer Electronics Assembly Units. Exposure to working in JIT environment would be an added advantage.

Candidates should have the desire and capability to work in an inter-disciplinary environment. Excellent technical & conceptual skills & analytical approach to problem solving is a must. We are looking for candidates who love problems and have the ability to evaluate requirements, conduct investigation to resolve system problems and plan changes in operations, whenever and wherever necessary.

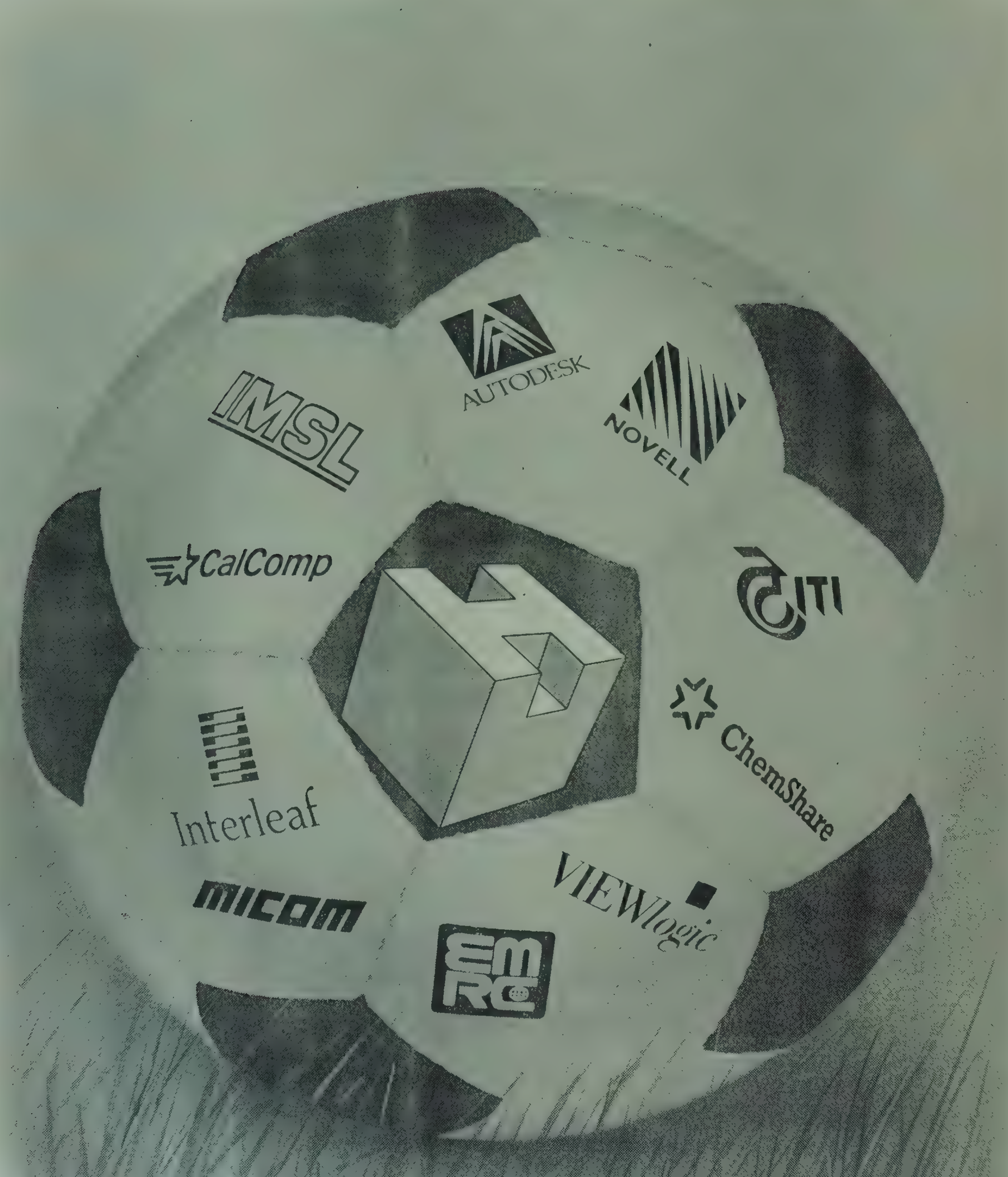
The job involves close inter-action with top management and working in a fast-paced manufacturing, planning and process engineering atmosphere. It calls for management of production support activities encompassing classical industrial engineering, facilities planning, maintenance of manufacturing assets, budgeting, system purchasing, establishing engineering data bases and promotion of industrial modernization type automation projects.

Compensation is designed to attract the best talent available and will be absolutely no bar for the right candidate.

Please send your detailed resume along with a recent photograph and 2 (non-relative) references to our consultant:

hemendra k. varma
management productivity systems
post box 9313
bombay 400 036.

WELCOME TO THE BIG LEAGUE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Yes, Hinditron enjoys links with the champions of high technology.

But these associations would not have been possible had not Hinditron been a winner in its own right.

Indeed, we've made significant advances in computers and computer-related products. Software development and export. Local Area Networking. Communications. And Computer Aided Design and Manufacture.

Now we're performing on an even bigger platform. So, if you have ambitions to match, welcome to the big league...

Country Distribution Manager (Bombay)

As Country Distributor for Novell, we require a professional who will be responsible for planning business strategy and developing a countrywide distribution network and OEMs for Novell and CAD products.

The candidate should be 35-40 years of age, an engineering graduate, preferably with a degree in management. He should be familiar with computer and communication technology, as well as with government policies.

He must have 10-12 years' experience, with at least 2-3 years in a senior position, organising market and dealer development programs, and handling contracts and techno-commercial negotiations.

This is a senior position reporting to the Director.

Commercial Manager (Bombay)

The candidate should be 30-35 years of age, a graduate in engineering, with post-graduate qualifications in materials management, having strong techno-commercial skills. He should have 8-10 years' experience with 2-3 years in a senior capacity.

He will be responsible for sourcing computer peripherals, imported and local components, vendor development, order processing and management of inventories.

The incumbent should have experience in dealing with the Reserve Bank of India, DGTD, CCI & E and DOE.

MIS Manager (Bombay)

The candidate should be 30-35 years of age, a graduate in computer science, with post-graduation in industrial engineering. He should have 8-10 years' experience, with 2-3 years in a senior capacity.

The incumbent should be familiar with computer systems development and software tools and packages as he will have to manage the information needs of the organisation. He will oversee organisation methods, cost control, administrative systems and procedures, and the company's computational and communication facilities.

Hinditron ties up with world leaders in high technology, to upgrade Electronic and Mechanical CAD/CAM/CAE, Networking, Graphics, Visualisation Systems, Chemical Process Simulation, Geographical Information Systems, Structural and Mechanical Design, Statistical and Mathematical Modelling, and Finite Element Analysis.

Marketing Manager — Technical Services (Bombay)

The candidate should be a graduate in electronic engineering, around 32 years of age, with 6-8 years' experience.

The incumbent will be responsible for marketing of field service maintenance for Hinditron as well as third party systems. He will have to plan business strategies, negotiate and finalise contracts and further develop the market by capitalising on growth opportunities.

Persons working as Customer Support Managers and having a flair for marketing maintenance service will be preferred.

Branch Managers (Hyderabad, Madras, Calcutta)

Candidates should be around 32 years of age, graduates in engineering (with post-graduate qualifications in marketing). They should have 6-8 years' experience, with 2-3 years in a senior capacity.

Those selected will be responsible for achieving branch sales targets, planning sales promotion strategies, controlling commercial and accounting operations, and leading a team of young sales professionals.

Technical Support Manager — LAN (Bombay, Bangalore, Calcutta, Delhi)

The candidate should be around 30 years of age, a graduate in engineering, having 6-8 years' experience in the industry with at least 3 years in software and communication technology.

The incumbent should have a problem-solving capacity as he will have to provide technical support to the marketing team and clients with regard to hardware, software, and communication technology.

A professional with a firm command of communication protocols and networking is what we are looking for.

Manager — Human Resource Development (Bombay)

The candidate should be around 28 years of age, a graduate, with post-graduate qualifications from XLRI/TISS and adequate managerial experience.

The incumbent will be responsible for the overall HR functions, identifying training needs, designing and conducting training programs, and coordinating with an external faculty. Additionally, he will be responsible for manpower planning, recruitment, and management of the performance appraisal system.

Marketing Manager — Software Exports (Bombay)

The candidate should be around 32 years of age, an engineer in computer science, wielding a management degree from a reputable institute.

He should have at least 8-10 years' experience in software project export marketing, a strong go-for-it attitude, and an enviable track record.

The incumbent will be responsible for planning and implementing strategies for deeper penetration of overseas software markets.

Communications Manager (Bombay)

The candidate should have at least 4-5 years' experience in handling advertising (including product launches) for a large organisation or an advertising agency.

The incumbent will interact with the advertising agency and supervise the company's communication program.

An innovative thinker and an effective communicator is what we seek.

All of the above are senior-level positions. However, we have openings for those with less experience.

Salary and other perks for all the above posts will compare with the best offered in the industry.

Please send your resume, within ten days, enclosing a passport-size photograph and clearly superscribing the envelope with the **position** applied for, and **location preferred, to:**

HINDITRON
COMPUTERS

The General Manager
Hinditron, Eros Cinema Building, 5th floor,
Maharshi Karve Rd., Churchgate,
BOMBAY 400 020.

NUWUD

The wood of the future

India's largest and most modern wood substitute project is fast coming at Tohana, Distt. Hissar, Haryana. Promoted by NUCHEM PLASTICS LTD—a multifaceted and diversified professionally managed enterprise with interests ranging from plastics, chemicals, engineering to water treatment. Under transfer of technology with equity participation by SUNDS DEFIBRATOR AB, Sweden—world leaders in wood substitutes. Using worldclass state-of-the-art electronic technology, with an investment of Rs. 450 million, the plant will turn out 14 million sq. mts. of natural wood substitute annually. Downstream projects will include manufacture of **NUWU** doors and furniture. Plans are underway for substantially increasing existing market shares a implementing diversification projects which wi enhance the company's turnover to Rs. 900 milli by 1992. We are looking for outstanding professionals to spearhead our marketing thrust and offer challenging careers with growth opportunities f achievers and self-starters, who will form the core of a dedicated marketing team.

COME BUILD YOUR FUTURE WITH THE WOOD OF THE FUTURE

MARKETING MANAGE

DELHI

Code/MM/90/01 Responsibilities : • Responsible for marketing operations, including advertising and market research. • To ensure achievement of targetted sales on All India basis. • To seed **NUWUD** through a vigorous application oriented approach. • Develop market shares across all product families & segments. • Evolve major account strategies for larg customers. • Lead and motivate a team of Marketing Professionals & Application Engineers • Establish and strengthen distribution channels. • Implement an effective M.I.S.

REGIONAL MANAGERS
BOMBAY - DELHI - MADRAS

Code/RM/90/02 Responsibilities : ● Responsible for zonal marketing operations. ● Overall responsibility for achievement of ambitious sales argets, credit and cost controls. ● Develop & execute successful market plans, product pricing & trengthen distribution channels. ● Training and development of marketing team. ● Develop aggressive local romotional strategies. ● To track competitive activities. ● To administer & organise the regional office.

AREA SALES MANAGERS
BOMBAY - CALCUTTA - DELHI - MADRAS

ode/ASM/90/03 Responsibilities : ● Responsible or marketing operations in a designated area. ● To nsure achievement of ambitious sales targets, credit cost controls. ● Formulation & achievement of marketing strategies. ● Implementing aggressive & innovative arket development for trade, institutional and converter segments. ● Motivating & managing the field sales rce. ● Establishing, managing & strengthening of distribution channels in a competitive environment.

he remuneration package matches the best that the industry has to offer. Apply within ten days, giving details f qualifications, experience, age, salary drawn & expected, with the name of the post and the code no. uperscribed on the application and envelope. Please also enclose a recent passport size photograph.

POSITION ODE	**MARKETING MANAGER MM/90/01**	**REGIONAL MANAGER RM/90/02**	**AREA SALES MANAGER ASM/90/03**
UALIFICATIONS	GRADUATE, PREFERABLY WITH MANAGEMENT DEGREE FROM A LEADING MANAGEMENT INSTITUTE	GRADUATE, PREFERABLY WITH MANAGEMENT DEGREE FROM A LEADING MANAGEMENT INSTITUTE	GRADUATE, PREFERABLY WITH A POST-GRADUATE QUALIFICATION IN MARKETING MANAGEMENT FROM A LEADING MANAGEMENT INSTITUTE
RELEVANT XPERIENCE	10/15 YEARS IN SALES/MARKETING MANAGEMENT. PREFERABLY IN THE BUILDING PRODUCTS INDUSTRY. SHOULD HAVE SOUND KNOWLEDGE OF INDUSTRY, ITS NEEDS & OVERVIEW. A PROVEN TRACK RECORD IN DEVELOPING AN ORGANISATION & INSTITUTING SOUND SYSTEMS IS ESSENTIAL.	7/10 YEARS IN SALES/MARKETING MANAGEMENT PREFERABLY IN THE BUILDING PRODUCTS INDUSTRY. A PROVEN TRACK RECORD IS ESSENTIAL.	5/7 YEARS IN MARKETING BUILDING PRODUCTS/CONSUMER DURABLES. EXPOSURE TO FIELD SALES MANAGEMENT & BRANCH MANAGEMENT WITH PROVEN TRACK RECORD IS ESSENTIAL.
GE	35-40	30-40	28-35

rite to : Vice President (A&E) Nuchem Plastics Ltd., MDF Project,
/6, Mathura Road, Faridabad-121 006. Haryana

NUCHEM PLASTICS LTD

Arms Bozell: NPL 05/90

TRUE VALUE STENCIL APPAREL

Stencil Apparel Brands Ltd., wishes to recruit senior personnel for its Finance and EDP functions. The company which is part of the Stencil Group, is setting up a modern manufacturing facility for readymade garments at a project cost of Rs. 8 crores which would be partly financed by a public issue. The Group is a dominant force in the readymades market and expects to achieve a turnover in excess of Rs. 100 crores in five years time, with its existing brands Stencil and Rhombus and fresh launches of Binny, Mafatlal, and Lacoste-France.

FINANCIAL CONTROLLER

(MS/4941)

Location : Delhi
Age : 28-32 years

Salary : Rs. 7,000 pm + House + Car + Annual Benefits

Reporting to the Managing Director, the Financial Controller would have independent charge of the finance and accounts function. Key responsibilities would include project funding, working capital management, and the design and implementation of financial management systems. The incumbent would be part of the top management team.

Candidates should be chartered accountants with excellent exposure to funding, financial management and accounting. Experience of having handled a public issue is essential.

COMPANY SECRETARY

(MS/4942)

Location : Delhi
Age : 26-28 years

Salary : Rs. 4,500 pm + HRA + Annual Benefits

Reporting to the Financial Controller, the incumbent would be responsible for secretarial, legal, company law, taxation and related matters. Involvement with legal matters is likely to be a major component of the job.

Candidates should be company secretaries with around two to three years relevant work experience. Candidates additionally qualified as CA's/LLB's would be at an advantage.

EDP MANAGER

(MS/4943)

Location : Delhi
Age : 26-28 years

Salary : Rs. 5,500 pm + HRA + Annual Benefits

The incumbent would be in-charge of the EDP department and report to the Financial Controller. Key responsibilities would include identification of computerisation needs, recommending the hardware configuration, preparation of software specifications and supervision of its development, extending training to staff and ensuring successful implementation.

Candidates should be B.Tech's in Computer Engineering or Electronics and have in-depth knowledge of UNIX, C, COBOL and standard PC packages. Similar work experience of around two to three years with a well known organisation is essential.

Please apply within seven days to:

A F Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

giving full details of age, qualification, work experience and salary drawn. All applications and envelopes must be marked with the relevant **"MS"** reference numbers.

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It's the finesse that comes from the most delicate use of power.

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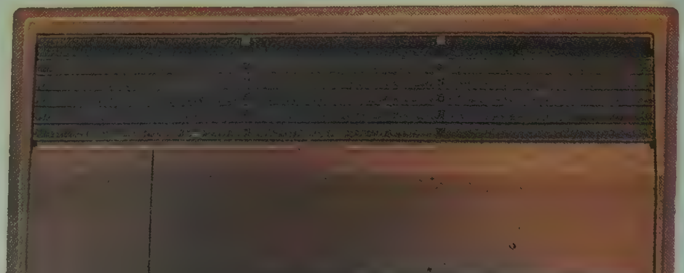

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ombay Brown Boveri House, (3rd Floor), 264 / 265 Dr. Annie Besant Road, Prabhadevi, Tel : 4370982, 4370983, 4379476. **Calcutta** 10,
iddleton Row Tel. 297800, 297633. **Madras** Plot No. 1958-C, 2nd Avenue (Opp. Anna Nagar Main Post Office), Anna Nagar, Tel : 619383, 619360.
ucknow Tel: 79004. **Jalandhar** Tel: 4520, 4183. **Faridabad** Tel: 539692. **Jabalpur** Tel: 23455. **Jaipur** Tel: 62872. **Ahmedabad** Tel: 462005, 408779,
une Tel 423246. **Bhubaneswar** Tel: 407698. **Patna** Tel: 231035. **Bangalore** Tel: 643845. **Secunderabad** Tel: 847468, 847256. **Cochin** Tel : 350540

FOR INDUS

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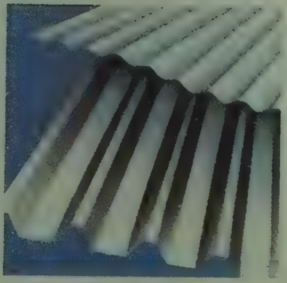

Y OF THE '90s

Industrialists, technocrats, entrepreneurs! You always have the advantage of a view from the top. That's why, value for money is what you look for in the long run. And, for people like you who believe in the bottom line, comes the Indal Aluminium Cladding Sheet.

The qualities of the '90s

The Indal Aluminium Cladding Sheet possesses values that won't cease to amaze you. Like lightness for overall economies on transportation. Like savings on breakages because it won't crack or chip. Like no recurring expenditure because it doesn't need any maintenance. Like lasting forever.

Vested with valuable benefits

- LIGHT : One-third the weight of CGI and one-seventh that of ACC sheets. Imagine what you save on transportation, handling and speed of erection!
- MAINTENANCE-FREE : So durable that even the elements cannot corrode it. So, no recurring expenditure or hidden costs!
- STRUCTURAL ECONOMY : Lightness helps increase purlin spacings, actually reducing the number of purlins needed.
- UNBREAKABLE : No money lost on breakages in transit or during installation. Hailstone-proof. Dent-proof. Shatter-proof.
- HYGIENIC : Looks clean, stays clean! Smooth, non-toxic, non-absorbent surface makes it ideal for units where hygiene is critical. Also free from vermin and insect attacks.
- FIRE-RESISTANT : Non-combustible, non-flammable—hence, completely fireproof.
- OPTIONS : Available in cut-to-length sizes in two profiles—Industrial Troughed and Circular Corrugated. Also in two surface finishes—Plain and Stucco Embossed.
- IMAGE-BUILDER : Distinctive appearance enhances the architectural beauty of any factory, giving it contemporariness. An additional dimension to corporate image.

Indal Aluminium Cladding Sheet. By the innovator-leader. The investment that pays in the long run. And makes your costing sheet look good, too.

For full details, mail the coupon below to any of our offices today.

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INDIAN ALUMINIUM COMPANY, LIMITED

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Sheet Division : Jeevan Deep, 1 Middleton Street, 3rd Floor, **Calcutta** 700 071
UCO Bank Building, 2nd Floor, Parliament Street, **New Delhi** 110 001
Air India Building, 15th Floor, Nariman Point, **Bombay** 400 021
Indal House, 50 Residency Road, **Bangalore** 560 025

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BI 2

As soon as
we reach one summit,
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for the next.

Century ... India's largest exporter of cotton textiles. Now also a leading producer of cement.

From a modest beginning in 1975, Century has blossomed into India's largest exporter of cotton textiles. Earning more than Rs. 100 crore in hard currency in the year 1989-90.

Over the years Century diversified into rayon yarn, tyrecord, minerals & chemicals, cement, pulp & paper and shipping. In all these areas the Company has made its mark.

In cement, the Company has achieved remarkable success in a short time. Cement manufactured at its most modern plants, CENTURY CEMENT, MAIHAR CEMENT, MANIKGARH CEMENT is now being marketed in almost all parts of the country.

Century is now exploring new avenues to create more productive assets for the country, and more opportunities for our people to better the quality of their lives.

Century Textiles and Industries Limited
Century Bhavan, Dr. Annie Besant Road, Worli, Bombay 400 025.

CENTURY

— the dawn of a new era

Chief Project Executive

and

Chief Seed Production Technologist

A fast-growing Group in the South, committed to expansion by widening its involvement in the agricultural sector and through comprehensive farmer service, wishes to establish modern seed production and processing facilities for marketing seeds in the domestic and export markets. For setting up this project, it needs individuals of outstanding ability for above-mentioned positions to initiate, plan, organise and implement the Project.

The Chief Project Executive should be thoroughly conversant with the technology of seed production, processing, related government regulations and marketing methods and strategies. He should have successfully managed and run a seed business of a sizable scale. He should be capable of identifying possibilities of collaboration with seed producers abroad for production and export.

The selected candidate will possess a good degree in agriculture or engineering with 10-15 years of experience in this business. He will be capable of coordinating, motivating and leading his team of men drawn from different disciplines. A strong commercial flair and outstanding integrity are basic requisites. Preferred age is 40-50, but can be relaxed.

The position will be suitably designated and compensated in keeping with the high entrepreneurial and managerial skills it calls for.

The Chief Seed Production Technologist will report to the Chief Project Executive and provide technical resource and support for the implementation of this Project especially in regard to field level production and processing. He should be conversant with the latest technologies and availability of modern equipment for processing. Total commitment to quality is an essential trait in keeping with the Group's philosophy to offer the customer the very best.

The candidate should be a post graduate in agriculture with 10-15 years of experience in the technology of seed production and processing. Preferred age: 40-50.

The compensation package for these positions will be comparable to the best in the country for positions of this seniority and responsibility, and will not be a constraint for the right candidates.

Please apply within 15 days to:

Box No. AA/322/VK/2, **Business India**, Flat No. 4-A JP Tower, 4th floor,
7/2, Nungambakkam High Road, Madras-600 034

UHDE

UHDE INDIA LIMITED, a subsidiary of an internationally renowned Engineering Consultancy Company, **UHDE GmbH,** West Germany, is engaged in the Design, Engineering and building of Process Plants for the Chemical, Petrochemical and Fertilizer Industries.

The Organisation has consciously built and nurtured, over the years, a team of talented engineers whose expertise is reflected in the plants built by them. The Company believes in the development and growth of it's employees and provides a professional and encouraging work climate.

Currently the Company needs bright and experienced individuals, with proven track records to join its team of professionals. Candidates should be below 45 years of age, and unless otherwise mentioned, candidates should have atleast 7 years experience in the Design Office of a multidiscipline engineering Company or Design group of a Chemical/Petrochemical/Fertilizer/Power Plant. Depending on the quality and quantum of experience, candidates will be placed in any of the following positions :

MANAGERS
CHIEF ENGINEERS
PRINCIPAL ENGINEERS
SENIOR ENGINEERS
PIPING DRAUGHTSMEN

DISCIPLINES & JOB REQUIREMENTS

PIPING :

Mechanical or Chemical Engineering Graduates with :

A) (Ref. No.: PI/12/90)

Design experience that includes development of Piping Specifications, Project Schedules, Piping Manpower Forecasting, Development of General Layout Plans & General Arrangement Plans, Piping studies and Isometric Drawing Preparation.

B) (Ref. No.: PI/13/90)

Minimum 10 - 12 years experience in Design & Manufacturing of Valves/Pipe Fittings with specialised knowledge of all Standards and Codes for Piping materials can also apply for senior positions in Piping Specifications Group. Exposure to use of computers will be an added advantage.

MECHANICAL : (Ref. No.: MQ/14/90)

Mechanical Engineering Graduates with familiarity in all Design Calculations for Static Equipment (Vessels/Tanks/Columns/Heat Exchangers etc.). Incumbents will be required to develop specifications, technically evaluate vendor enquiries and review vendor drawings.

INSTRUMENTATION : (Ref. No.: IC/15/90)

Graduates in Instrument/Chemical/Electronic Engineering with detailed engineering experience such as involvement in the preparation of P & I Diagrams, Instrument Data Sheets, Plot Plans, Loop Diagrams, Logic Diagrams etc., specifying instrumentation systems and components including distributed digital control systems & PLC.

ELECTRICAL : (Ref. No.: EL/16/90)

Electrical Engineering Graduates with experience in detailed engineering including, preparing single line diagrams, cable and lighting layouts, estimating power and cable requirements, specifying equipment and defining electrical control systems.

PROCESS : (Ref. No.: PE /17/90)

Chemical Engineering Graduates/Post Graduates who are fully conversant with preparing Mass and Energy Balance, P & I Diagrams, sizing and specifying equipment, defining control systems and plant layout.

ROTATING EQUIPMENT : (Ref. No. RE/18/90)

Mechanical Engineering Graduates who are **ROTATING MACHINERY SPECIALISTS** and are fully conversant with preparation of specifications, relevant API Codes, Selection, Inspection/Trouble Shooting of all types of rotating equipment like pumps, compressors, blowers, turbines etc.

CONSTRUCTION - MECHANICAL : (Ref. No.: CON /19/90)

Mechanical Engineering Graduates with 7 to 15 years experience in planning and supervising construction activity at site, co-ordination with contractors and interface with other engineering disciplines.

PROJECT PLANNING : (Ref. No.: PLG /20/90)

Chemical Engineering Graduates with experience in planning/scheduling activities of major projects. Candidates must be familiar with the personal computer and planning by network methods for engineering/construction.

PIPING DRAUGHTSMEN : (Ref. No.: PD/21/90)

Around 12 years experience in Piping Design with ability to prepare Piping Plan & Isometrics.

SALARY & PERQUISITES : We offer an attractive salary package which includes perquisites like Conveyance Allowance, HRA, LTA, Education Allowance, Medical Reimbursement, Accident Insurance, Hospitalisation Benefits and other Retirement Benefits like PF, Gratuity, Superannuation as per Company rules.

ACCOMMODATION : Employees will be eligible for interest subsidy on housing loan availed by them from Public Institutions, as per Company's Scheme. Additionally, in deserving cases, the Company shall provide accommodation for a maximum period of two years, for candidates recruited from places other than Bombay.

Interested candidates should send their bio-data within 15 days indicating salary drawn and expected, mentioning job reference number on their applications to :

The Personnel Manager, **UHDE INDIA LIMITED,** "Uhde House", L.B.S. Marg, Vikhroli (West), Bombay - 400 083.

TRUE VALUE STENCIL APPAREL

Stencil Apparel Brands Ltd., wishes to recruit senior personnel for its sales function. The company which is part of the Stencil Group, is setting up a modern manufacturing facility for readymade garments at a project cost of Rs. 8 crores which would be partly financed by a public issue. The Group is a dominant force in the readymades market and expects to achieve a turnover in excess of Rs.100 crores in five years time, with its existing brands Stencil and Rhombus and fresh launches of Binny, Mafatlal, and Lacoste-France.

SENIOR BRAND MANAGERS

(MS/4944)

Location : Delhi
Age : 28-32 years

Salary : Rs. 6,500 pm + House + Car + Annual Benefits

The incumbents would be responsible for achieving sales and profitability targets for individual product lines. Key responsibilities would include formulation of sales strategy, developing and overseeing the distribution network, sales promotion, product development and interface with the production department. The positions would report to the Vice President — Marketing.

Strong leadership and conceptual skills combined with a natural 'feel' for the product are assessed to be essential requirements for the position. Candidates should be MBA's from the IIM's or equivalent institutions,with at least 5 years related experience with a reputed company in the consumer products industry.

BRANCH MANAGERS

(MS/4945)

Location : Delhi, Bombay, Bangalore and Calcutta
Age : 26-28 years

Salary : Rs. 4,500 pm + HRA + Annual Benefits

Reporting to the Vice President—Marketing,the incumbents would administer the sales function for a region. Key responsibilities would comprise achievement of branch sales targets, supervision of the sales force, appointment and interface with dealers, interpretation of corporate sales policy and close monitoring of the market.

Candidates should be MBA's with 3-5 years sales experience with a reputed consumer products company.

AREA SALES MANAGERS

(MS/4946)

Location : 'A' class cities
Age : 24-26 years

Salary : Rs. 3,000 pm + HRA + Annual Benefits

Incumbents would report to a Branch Manager and be accountable for achieving the sales target for their territory. Responsibilities would include direct sales involvement, supervision of junior salesmen, interface with dealers, etc.

Candidates should be graduates with two to three years sales experience with reputed consumer product companies.

Please apply within seven days to:

A F Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

giving full details of age, qualification, work experience and salary drawn. All applications and envelopes must be marked with the relevant **"MS"** reference numbers.

digital

*Digital Equipment (India) Limited, an affiliate of **Digital Equipment Corporation, USA,** the world's largest manufacturer of networked computer systems, is looking for outstanding professionals to fill various positions in the Finance and Administration areas.*

MANAGER - CORPORATE ACCOUNTS

(CODE: F & A/58) **BANGALORE**

The person will primarily be responsible for overall supervision of the Accounting Process and Coordination with other Functions controlling routine Accounting functions at HQ/Branches, Ensuring all closing schedules are met and Promoting Service Orientation.

MANAGER - INTERNAL AUDIT

(CODE: F & A/59) **BANGALORE**

The person will primarily be responsible for reporting to Management on Internal Controls Compliance, identifying potential weaknesses in Accounting Systems and Controls, Providing high calibre Reports on various business related aspects viz. Operating Controls, Legal/Tax Compliance Issues, etc.

MANAGER - F & A SYSTEMS

(CODE: F & A/60) **BANGALORE**

The person will primarily be responsible for Identification of areas amenable to Automation, Design/develop systems with assistance of the MIS group, Plan/Implement the Systems at an effective cost and Train the user-group in the Systems that are implemented.

MANAGER - EXPORT COMPLIANCE

(CODE: F & A/61) **BANGALORE**

The person will primarily be responsible for Ensuring that the Company's Policies and Procedures related to Export/Import Compliance are implemented in different functional areas and strictly adhered to. The position calls for travel within India and Abroad. She/He should have knowledge of auditing and be a good Administrator.

BRANCH FINANCE & ADMINISTRATION MANAGER

(CODE: F & A/62) **METRO CITIES**

The persons, as members of Geography Management Teams, will be responsible for the overall Financial Control and Administrative Support functions at our Branch offices. Primary responsibilities will include Invoicing, Credit Control, Receivables, Budgetary Control and Office Administration.

FINANCIAL ANALYST

(CODE: F & A/63) **BANGALORE**

The person will provide support to the Business Functions. This would include Business Planning, Forecasting, Budgeting, Business Analysis, Manufacturing/Materials Cost Analysis, Review of Capital Investment Proposals, Management Reporting, etc.

COST ACCOUNTANT

(CODE: F & A/64) **BANGALORE**

The person will primarily be responsible for Cost Accounting activities related to Manufacturing, Materials, WIP, Finished Goods, Cost-of-Sales Valuation, Inventory, Variance Accounting, etc.

ACCOUNTANT-FIXED ASSETS

(CODE: F & A/65) **BANGALORE**

The person will primarily be responsible for Fixed Assets Accounting activities which include Maintenance of Fixed Assets Register, Preparation of MIS on Fixed Assets/Capital Assets, etc.

ACCOUNTANT-INDIRECT TAXES

(CODE: F & A/66) **BANGALORE**

The person will primarily be responsible for all Indirect Tax issues, viz. Sales Tax, Excise, etc.

For all these positions we are looking for persons with CA/ICWA/MBA (Finance/System)/M.Com with relevant experience ranging from 3 to 8 years in a reputed organisation, preferably in Multinational Corporations. Candidates must possess good Communication and Interpersonal Skills. Working knowledge of Personal Computers is a must for all positions.

All these positions carry attractive salary and benefits in line with the best in the industry and will not be a limiting factor for the right candidate.

Please apply in strict confidence, superscribing the envelope with the appropriate code to:

Vice President - Finance & Administration
Digital Equipment (India) Limited,
(An affiliate of Digital Equipment Corporation, USA)
92, Industrial Suburb,
II Stage, Yeshwanthapur,
BANGALORE 560 022.

India
has Digital
now

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Corporate Chief Safety Officer

COMPANY

ITC is among the largest companies in India with diversified interests in tobacco products, hotels and tourism, printing and packaging, paper and board, agri-businesses, exports and information technology.

CANDIDATE

A first-class degree in Engineering (Mechanical/Electrical/Chemical) with a post-graduate degree/diploma in Industrial Safety from a recognised institute in India or abroad is essential. Applicants must be 35-45 years old with at least 12 years' experience—including a minimum of four years spent in an engineering industry at a senior level, holding responsibility of Industrial Safety and Hygiene.

The candidate should be able to conceptualise, design, implement and then audit programmes pertaining to safety, hygiene, health and environmental protection. He must be fully conversant with international standards/regulations on pollution (effluents, environment, noise, odour) and with the Indian Factories' Act. A high level of skill is required in dealing effectively with the various businesses of the Company.

CAREER

This is a Senior Management position involving interaction with Heads of Divisions and direct reporting to the Company's Chief Executive. Growth prospects are excellent for the right person.

COMPENSATION

The remuneration package is attractive and salary will not be a constraint for the selected candidate.

Interviews will be held at the Company's headquarters in Calcutta. For outstation candidates, airfares and reasonable incidental expenses for board and lodging will be reimbursed.

Please apply within 14 days of the date of this advertisement giving name, address, date of birth, qualifications, experience, present employment, current emoluments and extra-curricular activities along with a passport-sized (non-returnable) photograph.

Applications will be treated in confidence and should be addressed to the Corporate Personnel Manager, I.T.C. Limited, Virginia House, 37 Chowringhee, Calcutta 700 071, with the envelope marked 'C.S.O.'

New horizons I.T.C. Limited **New hopes**

India Tobacco Division ☐ Indian Leaf Tobacco Development Division ☐ Packaging & Printing Division
Agri-businesses Division ☐ Welcomgroup—Hotels Division ☐ Exports Division
Bhadrachalam Paperboards Limited—an enterprise promoted by ITC

SENIOR EXECUTIVES FOR LARGE RESEARCH ORIENTED PETROCHEMICAL PROJECTS

required by a leading group of chemical industries with factories in south and central Gujarat.

These are unique projects based on catalytic reactions involving C1 chemistry, with wholly indigenous know -how , basic engineering and design; and with association of research institutions and project consultancy firms of international repute. Initial outlay of the two projects would be Rs. 20 crores, with likely expansion in to Rs. 200 crore complex upon scale up in two years time.

PROJECT MANAGER

Qualifications and Experience : Degree in Chemical or Mechanical Engineering with 10 years experience in leading petrochemical projects or consultancy firms, with total responsibility for project execution.

PROCESS MANAGER

Qualifications and Experience : Post -graduate in chemical Engineering with 5-7 years experience in process design, specifically including catalytic processes. Besides process engineering, the person should be well versed with other engineering aspects such as piping design, selection and testing of materials of construction, equipment fabrication etc.

General

1. **Both the positions require a great degree of ingenuity and aptitude for large scale research oriented projects . The persons would be required to deal with high-level professionals in Research Institutions and Consultancy firms. The persons should have good track-record of appreciation and adoption of basic knowhow, leading to successful commissioning and subsequent scale-up of the petrochemical projects.**
2. The positions are based at Baroda. Posting at Ahmedabad can be considered at candidate's request in exceptional case.
3. Remuneration will be no bar for the right candidate.
4. The positions are required to be filled up rather urgently. The applicants should therefore specify the minimum joining time.

Detailed biodata stating qualifications, experience, age, emoluments drawn and expected, list of projects and research assignments handled, and specific achievements should be forwarded within ten days to:

POST BOX NO. 4125
Navrangpura, Ahmedabad-380 009.

All applications will be treated in strict confidence.

PROFESSIONAL MANAGERS

We are multi activity Organisation providing consultancy and placement services at senior executive levels. Our clients are a select lot and the best known names in their respective industries.

We have been retained to recruit:

SALES MANAGERS **Metros**

Vacancies exist for Marketing, Regional, Product Area & Industry (Banking) Managers in the Computers, Telecom & Consumer durables industries. Applicants should be MBAs, Engineers or Graduates with requisite experience.

PROJECT/MAINTENANCE MANAGERS **All India**

Mechanical or Electrical Engineers with 10 years experience in the heavy engineering, paper, cement or similar industry, to lead the projects and maintenance teams.

Candidates with lesser experience in maintenance of utilities, instrumentation, power plants may apply for middle level positions.

ASST. MANAGER-IMPORTS **Near Delhi**

Graduates with minimum 4 years experience at executive level in imports & procedural formalities.

ELECTRONICS & MECHANICAL ENGINEER **New Delhi**

For Design, Materials Planning & Vendor Development. Engineers with 2-8 years relevant experience, preferably in OA, Computers or Similar industry.

DEPUTY MANAGERS (ACCOUNTS) **NOIDA/New Delhi**

Preferably CA's with 3-6 years experience.

Compensation packages are compatible with industry norms & will be commensurate with individual merits.

Candidates may also apply for registration in our data bank, whereby they will be automatically considered against requirements which arise from time to time.

Please write to:

TECHNOMAN CONSULTANTS
6, N-Block Market, Greater Kailash-I
New Delhi - 110 048. Phone: 6443232/672342
Telex: 031-61743 LEPL IN. Fax: 011-6445684

OFFICE AUTOMATION (OA) INDUSTRY

Our clients are a reputed OA Company, market leaders, having prestigious Japanese, European & American collaborations. They are poised for tremendous growth, and plan to more than double their turn over during the next 2 years, to cross the 100 crore mark.

We have been retained to recruit:

MARKETING MANAGER **New Delhi**

(Rs. 100K per annum plus car)
MBA's from premier institutes with minimum 8 years mixed experience in line and staff roles.

REGIONAL/AREA SALES MANAGERS **Metros/Major Towns**

(Rs. 80K plus car/Rs. 60K per annum)
MBA's from premier institutes with mininmum 6/3 years or graduates with minimum 8/5 years field experience in OA or consumer durables industries respectively.

GENERAL MANAGER (MATERIALS) **New Delhi**

(Rs. 150K per annum plus car)
MBA/Engineer with about 15 years experience in indigenisation, imports, materials planning and systems, preferably in the light engineering industry.

DY. GENERAL MANAGER (FINANCE) **New Delhi**

(Rs. 100K per annum plus car)
MBA/CA with 10 years experience in handling corporate financing & dealing with Financial Institutions.

INFORMATION/SYSTEMS MANAGER **New Delhi**

(Rs. 100K per annum plus car)
MBA/Engineer with 8-10 years experience in setting up dedicated data processing systems, and preferably exposed to UNIX & LAN.

Excellent growth opportunities exist for selected candidates and salaries will not be a constraining factor.

Please write to:

TECHNOMAN CONSULTANTS
6, N-Block Market, Greater Kailash-I
New Delhi-110 048. Phone: 6443232/672342
Telex: 031-61743 LEPL IN. Fax: 011-6445684

THE MASTER BLASTER

Anil chemicals ltd.

NEEDS
FINANCE CONTROLLER

- Anil Chemicals Ltd. is a result-oriented company, which in a short span of six years has become one of the leading bulk explosive manufacturing companies in the country.

  We have many exciting plans for diversification on the cards which will make us a multi-product, multi-market company.
- We are looking for a FINANCE CONTROLLER for our CORPORATE OFFICE at Aurangabad.
- The job will involve inter alia, evolving methods and systems for better funds management, proposing means of raising finances for future projects and managing the shares department.
- The candidate should have a PGDBM in Finance from one of the IIMs or should be a C.A. He should have at least 3 to 5 years of relevant experience of a similar function in a managerial capacity. Membership of the Institute of Company Secretaries is essential.
- Salary will be commensurate with the track record and will not be a constraint for the right candidate.
- Interested candidates may send a detailed resume to:

Jt. Chief Executive
ANIL CHEMICALS LIMITED
Abhinay Theatre Complex,
Aurangabad 431 001

Mercantile-26/90-91

ATTENTION CIVIL ENGINEERS

THE WATER-PROOFING INDUSTRY IN INDIA IS GOING TO CHANGE FOR EVER !

ANIL CHEMICALS LTD. is shortly going to launch a modern, state-of-the-art water-proofing system in India and we are looking for young, dynamic, effective and result-oriented marketing personnel for this new project.

MANAGER — GOVERNMENT SALES

The candidate should have about 8-10 years of experience of selling building materials like paints, roofings, etc. to Government departments like Defence, Irrigation, PWD, Food Corporation, Railways, etc.

MANAGER — INSTITUTIONAL SALES

The candidate should have a PGDBM in marketing from IIM / Bajaj and about 4-5 years of experience in the marketing of construction and building material like paints, cement, roofings, etc.

Candidates for the above posts should be in the age group of 30-35 years. The compensation would be about Rs. 80,000 P.A.

Please send a detailed resume to:

Jt. Chief Executive
Anil Chemicals Limited,
Abhinay Theatre Complex,
Aurangabad-431 001.

Mercantile-23/90-91

CPIL

Consolidated Petrotech Industries Limited

Requires

The following personnel for its CARBON BLACK PLANT at Palej.

PRODUCTION MANAGER to take charge of the day to day operations of CB Plant. Experience of at least 10 years in a senior production function of a CB Plant and a degree in Chemical Engineering or B.Sc. (Chem) is essential. Complete familiarity with process engineering and technology is necessary.

MAINTENANCE MANAGER responsible for preventive and planned maintenance of all the plant & equipment of the carbon black unit. A good degree in Mechanical Engineering with at least 10 years experience in a continuous operation petrochemical plant or cement/steel integrated plant is essential. Must have ability to control skilled maintenance personnel and labour. Experience in a Carbon Black Plant will be advantageous.

MANAGER (ENGINEERING) responsible for overall engineering functions consisting of design, development, technology absorption/adaptation and will be closely associated with the maintenance department. A good degree in Mechanical/Chemical Engineering with at least 10 years total experience in engineering, design/development/expansion is essential.

MANAGER-QUALITY ASSURANCE to take overall charge of the quality control and assurance function for the CB plant. At least five years experience in a managerial position in the quality control discipline is essential. A doctorate in Organic Chemistry or M.Sc. with specialization in rubber technology and having experience in quality control department of tyre companies.

SENIOR PROCESS ENGINEERS to support the production function and assist in technology absorption/adaptation and modernisation programmes of the Company. A First Class degree in chemical engineering from IIT or reputed university with at least 5 years experience in process engineering/production is essential. Should have ability to take on managerial responsibility in a short period.

The above positions are in the senior management cadre of the Company and emoluments will be comparable with the best in the industry, commensurate with qualifications and experience.

Preferred age is between 32/45 years for Managers, and 28 to 32 for Process Engineers.

Detailed bio data with salary drawn and expected, marked CB TECH, should be sent within ten days to :

CONSOLIDATED PETROTECH
INDUSTRIES LIMITED
(Formerly Gujarat Carbon Limited)
Offtel Towers, 6th Floor, R.C.Dutt Road, BARODA 390 005.

CPIL CPIL CPIL CPIL

PROMOVISION : CPIL : 690

Participative Management or Annual increment

We are a group of companies professionally leading in the field of Civil/Mechanical, Turnkey projects, with proven experience. Our major clients are Public Sector undertakings such as NTPC, PSEB HSEB etc.

Our core philosophy is 'Result Oriented-Participative Management' in our every sphere of activities. Our commitment to excellence is matched with the performance.

1. **Senior Civil Engineer**—No. of posts 3.

   Graduate engineers with atleast 6 years experience of site construction on large Projects/Power house construction. He will be responsible of managing a team of professionals. Preferably with Computer exposure.

2. **Planning Engineer**—No. of posts 2.

   Graduate engineers with at least 10 years experience of Planning inputs required as per drawing, scheduling and also monitering comperative progress with exposure to Computer will be preferred.

3. **Engineers**—No. of posts 3.

   Graduate engineers with 4 years' construction experience having an aptitude for Constructon and ambition for professional growth.

4. **Manager Finance & Accounts :** No. of post 1.

   Qualified C.A. for one of our Group Companies at Bombay branch with minimum 2/3 years experience. Exposure to Construction financial management and computers would be preferred. Would be responsible for liaison with banks, other institutions, and allied financial management.

5. **Manager EDP**—

   Computer Science graduate with atleast 6 to 8 years exposure in EDP field. Would be expected to analyse areas of Computerising in Construction Industry with effect to efficient MIS handling, and implementation.

Salary will commensurate with the qualification and experience but will not be a limiting factor. Selected candidates will be entitled to regular company perks. Please apply within 10 days from the date of advertisement at the following address mentioning the posts applied for on the envelope with a photograph.

RAJ KISHAN & COMPANY
Kaison House, 84, Nehru Place, New Delhi-110 019.

Raj Kishan Group of Companies

Argus International.
Devsons Finance Ltd.
Raj Kishan & Company
Seed Software Company Pvt. Ltd.
Dedicated Digital Machines Pvt. Ltd.
Teknow Consultants & Engineers Pvt. Ltd.

Asea Brown Boveri

Asea Brown Boveri is the largest Electrical Engineering group in the world.

Asea Brown Boveri Limited, with its Corporate Headquarters at Bangalore has a turnover of over Rs. 2,000 million with 8 manufacturing plants, R&D centres and 13 marketing offices countrywide. And an employee strength of over 4,000.

Key areas of activity include: power generation, transmission, distribution and utilisation, metallurgy and process automation, industrial drives, transportation and telecommunication.

Be a part of the ABB excellence, worldwide.

Head – TQM

He will be in charge of Total Quality Management functions country wide and will operate from the Corporate Headquarters in Bangalore.

The candidate should be a Management/Electrical/Electronics Engineering graduate. He should already be in a senior level position with sufficient experience, preferably, in an Engineering industry and with a flair for TQM. He should have significant knowledge of TQM concepts and should be fully conversant with systems and procedures for implementing the same.

Excellent interpersonal skills as well as oral and written communication skills will be important requisites for the job.

The above position is in the General Management Cadre of the Company.

Remuneration and perks will be at par with the best in the industry. Apply with complete biodata within 10 days. Specify present and expected salary and superscribe the envelope with the position applied for to: Manager – HRD,
Asea Brown Boveri Limited,
Sona Towers, 71, Miller Road,
Bangalore 560 052.

ABB
ASEA BROWN BOVERI

SPEER/11/ 267/90

JENSON & NICHOLSON (INDIA) LTD

a leading professionally managed Paint Company, has over the years consolidated its leadership in this field, and has successfully diversified into the hi-tech area of industrial electronics, and are also diversifying into the area of **Construction Chemicals**.

We require for our Paints Division

BRANCH MANAGER

Attractive Salary + Flat + Liberal Car Scheme

The incumbent will be independently responsible for leading a team of Sales Personnel to achieve set objectives as well as strengthening the Company's distribution and dealer development activities. Incumbent should be an aggressive Marketing professional with 5 to 7 years of proven track record in selling fast moving consumer / consumer durable products through a dealer network, as well as institutional buyers. Candidates with management qualification from IIMs/XLRI will be preferred. Age not more than 35 years.

AREA SALES MANAGER

The incumbent shall be required to handle a team of Sales Officers / Sales Executives, and should have the necessary experience and acumen for guiding and directing them towards achievement of set objectives. Apart from this, the job also involves assisting the Branch Manager in all Sales activities like pricing, market strategies, achievement of Corporate sales objectives, general administration etc.

Applicants should be graduates with proven track record of 4/6 years of experience in Consumer Industry, with at least 2 years experience in leading a team. Preference will be given to Management Graduates from IIMs/XLRI.

Posting for the above positions will be at our branches in state capitals.

Ambitious professionals willing to make a career with a Company where remuneration is not a limiting factor for the right candidate may apply in confidence along with passport size photograph, superscribing on the envelope the post applied for to **The Personnel Officer, Jenson & Nicholson (India) Ltd, 225 Acharya Jagadish Chandra Bose Road, Calcutta 700020**.

Whenever you see colour, think of us.

PRESSMAN

J&N

JENSON & NICHOLSON (INDIA) LTD

a leading professionally managed Paint Company, has over the years consolidated its leadership in this field. More than a decade ago we successfully diversified into the field of Industrial Electronics. Today we have taken on the challenging task of marketing **Construction Chemicals** manufactured in collaboration with SIKA AG of Switzerland.

For our Construction Chemicals Division
we require

SALES EXECUTIVES

to be based at Madras, Bangalore, Hyderabad,
Delhi, Calcutta & Bombay

The incumbent shall be required to sell / service this range of products directly to Dealers / Institutions. Applicants should be degree / diploma holders in Civil Engineering, with specialisation in Structural Engineering, with minimum of 3 yrs selling experience in Consumer Products / Chemicals / Construction equipment.

Ambitious professionals willing to make a career with a Company where remuneration is not a limiting factor for the right candidate may apply in confidence along with passport size photograph, superscribing on the envelope the post applied for to **The Personnel Officer, Jenson & Nicholson (India) Ltd, 225 Acharya Jagadish Chandra Bose Road, Calcutta 700020.**

PRESSMAN

ABC's major specialisations include Corporate Consultancy

EXECUTIVE DIRECTOR

International Hotel Chain

Delhi **Rs 2.5 Lakhs + Flat + Car + Perks**

We have been retained by a professionally managed, highly dynamic and fast expanding Industrial Group to select an outstanding Chief Executive for their **new venture into hospitality industry.** The Group is cash rich and has several new projects under active implementation. They are, therefore, in a position to ensure rapid career growth for you, subject to performance.

The incumbent will have total management responsibility involving project completion, full capacity utilisation, growth & profitability. Key performance areas will be (a) Team Management & Leadership (b) Diversified Marketing Experience with accent on **Institutional Selling** (c) Systems Orientation (d) **Strong Administrative Ability** (e) Good Track Record as CEO.

The ideal candidate will be marketing-oriented & mature CEO, preferably with MBA Qualification and similar industry exposure. Preferred Age Group 40-45. Please write to **B P Agrawal, Chairman** with job title & code EDH/BPA/3014. Requirement is urgent and all correspondence must be made through courier mail/speed post and contact telephone numbers mentioned in the bio-data.

ABC CONSULTANTS PRIVATE LIMITED

43/3, Hazra Road, Calcutta 700 019, Phone 754947

SWOT Analysis ● Systems & Procedure ● MIS

O & M ● Technology Transfer ● Project Reports

Data Processing ● Computer Software Packages ● Materials Management

TECHNICAL DIRECTOR

REQUIRED BY A LARGE WELL ESTABLISHED ELECTRO THERMAL PLANT IN SOUTH INDIA. EMOLUMENTS PACKAGE UPTO Rs.3 LACS HIGHLY QUALIFIED METALLURGISTS WITH OUTSTANDING RECORD IN FERRO SILICON ETC. MAY APPLY IN CONFIDENCE TO:

BOX NO. AA/322/LT/1
BUSINESS INDIA
WADIA BUILDING
17/19 DALAL STREET,
FORT, BOMBAY 400 001

ABC's major specialisations include Corporate Consultancy

2 VICE PRESIDENTS — FINANCE

Precision Engineering Companies

Calcutta

Handsome Terms

We have been retained by a large, highly profitable, **totally professionally managed Industrial Group** to select 2 senior finance professionals for their 2 public limited engineering companies with sales turnover of around Rs 20 Crores each. These companies have excellent foreign collaborations & equity partners.

The incumbents will have overall responsibility for managing finance & accounts functions. The thrust will be on **efficient management of financial resources & nett current assets.** Ability to conceptualise & implement sound financial systems will be essential. These companies have planned major modernisation, expansion, diversifications and VPFs will, therefore, participate in all commercial & administrative matters as well as **coordinate/dialogue with Overseas Partners.** Ideal candidates will be CA/MBA-Finance in the age group 38-45 with similar experience in reputed organisations.

Compensation package will be handsome & entirely negotiable. Company flat, car & driver, liberal retirement benefits and all other standard perquisites will be available. Please write to **B P Agrawal, Chairman** and mark the envelope & enclosures with job title & code VPF/BPA/3013.

ABC CONSULTANTS PRIVATE LIMITED

43/3, Hazra Road, Calcutta 700 019, Phone 754947

O & M • Technology Transfer • Project Reports

Data Processing • Computer Software Packages • Materials Management

SWOT Analysis • Systems & Procedure • MIS

THE CONSULTANTS
Personnel Selection Division of
M/s. Pranav Enterprises, Baroda

THE CONSULTANTS invites applications on behalf of a reputed group of companies for their Automobile Marketing unit at

BARODA

GENERAL MANAGER

We are looking for a dynamic person with proven track-record (Minimum 10 years) in marketing automobiles and other automobile products (including after-sales service and spares). He will be preferably an Automobile Engineer with M.B.A. from recognized institute.

He will have thorough knowledge of Automobile and Automobile products Marketing in India and will be responsible for all marketing functions of the unit. He will plan marketing strategies, achieve sales targets, by leading marketing team. He will develop MIS and will submit marketing status reports to Managing Director.

If you think that you are the ideal candidate for this challenging job, you are requested to send your latest detailed Curriculum Vitae indicating present and expected salary, job description and organisation structure, contact telephone No. with latest photograph to :

Mr. P. P. TRIVEDI, Chief Executive, **THE CONSULTANTS** 213 Avanti Chambers, B/h Express Hotel,
R.C. Dutt Road, BARODA 390 005. Tele : **32 45 01**.

FINANCIAL CONTROLLER

A profitable, young and expanding group of rapidly growing small and medium sized units requires a Financial Controller. Units in the group, located at HYDERABAD, have Swiss and British collaborations and command a monopoly in OEM supply of plastic components to market leaders.

The Incumbent will be independently responsible for Finance, Accounting, Tax and Administration functions of all the units.

Applicants must be enterprising CAs with a strong and proven record in working capital management and liaison with financial institutions, backed by about 4 years of relevant post-qualification experience in a manufacturing company.

Remuneration and perquisites will be very attractive and will not be a constraint for the right candidate.

Please apply in strict confidence within 10 days, superscribing ES-1020 to:

S.B. Billimoria & Co.
3-6-111/5, Himayatnagar Road, Hyderabad 500 029

PROFIT CENTRE HEAD

DELHI **Rs. 3 lacs +**

Our Client is among the leaders in the engineering industry in India. The Corporation has a diverse product range and a turnover of over Rs. 1000 crores.

The Corporation is committed to a culture of 'INTRAPRENEURING' where professionals evolve, build and grow with the business activity.

We are looking out for business managers who will head a large team of cross-functional managers and run a profit centre independently. Technology upgradation, expansion and diversification will be the focus areas.

An engineer with an MBA, and a proven track record in the industry, and at least 5 years as a functional head in a large Indian or multinational corporation is the desired candidate's profile.

We are confident that professionals with a desire to achieve will find this opportunity worth exploring:

Apply in complete confidence within 10 days or call us at 331 6038.

Noble House
MANAGEMENT AND PLACEMENT CONSULTANTS

Post Box No. 3531, New Delhi 110 024.

RADIANT/D/NH/1290

Ambuja Cement invites you to reach the top in your profession

Manager Accounts
Compensation – Rs. 1,00,000 p.a.

Kodinar (Gujarat)
MS: 136

You should be a Chartered Accountant with at least 10/15 years' experience in a responsible capacity in a large manufacturing organisation.

You will be responsible for accounts, finance, systems and procedures, internal control, management system, sales tax, etc. You will also assist in implementation of our computerisation programme. You will be supported by professionally qualified assistants.

A challenging professional environment is assured with ample opportunities for advancement. You will be provided free furnished accommodation.

Apply within 10 days, mentioning the code number, giving full particulars of experience, present qualifications, remuneration, etc., to:

AMBUJA CEMENT

GENERAL MANAGER (HRD)
Gujarat Ambuja Cements Ltd.
122, Maker Chambers III, Nariman Point, Bombay-400 021.

CLEA

Ambuja Cement invites you to reach the top in your profession

Executive Assistant (Bombay)

Compensation – Rs. 80,000 p.a. MS: 139

You should be a Chartered Accountant having a strong background of accounts and finance or economics. Candidate with additional qualification such as an MBA from a reputed institute will be preferred. Experience of 3 years as an Executive Assistant is essential. You will report to Vice-President (Finance) and will be responsible for analytical studies on subjects of finance and economic interest, preparation of trend charts and projections, liaison with banks, leasing companies and major constituents of capital market. You will also be responsible for critical analysis of corporate performance in various aspects. You should be able to sift through data and present significant information on a regular basis.

The company offers a challenging professional environment with ample opportunities for advancement.

Apply within 10 days, mentioning the code number, giving full particulars of experience, present qualifications, remuneration, etc., to:

AMBUJA CEMENT
GENERAL MANAGER (HRD)
Gujarat Ambuja Cements Ltd.
122, Maker Chambers III, Nariman Point, Bombay-400 021.

CLEA

MATERIALS PROFESSIONALS

TEAM, a member of the Chemfab Group, currently manufactures custom built equipment like Anodes, Pressure Vessels, Blowers, Pumps, Valves etc out of Titanium, Tantalum and other exotic metals, Membrane Cells and Desalination Plants of various capacities.

It's associate Chemfab Alkalis Ltd at Pondicherry is the Country's first caustic-chlorine plant employing Membrane Cell Technology. It's success has won acclaim from national and international organisations of repute.

Other activities in the Group's ambit include manufacture of chlorates, setting up of turnkey chlor alkali plants using membrane cell process and Property Development.

Manufacturing facilities are located at Ambattur, Tambaram, Vandalur (all near Madras), Kalapet, Tavalakuppam (both near Pondicherry) and Singapore.

To meet it's continously increasing need for managerial manpower, TEAM requires for it's centralised Materials Department at Vandalur:

MATERIALS MANAGER

Graduate Mechanical/Metallurgical/Electrical Engineers with about 10 years experience in Purchase, Stores and Material Planning functions in light/medium/heavy engineering industry may apply.

Preference will be given to candidates with exposure to purchase function in a process industry and computerised environment in addition to experience in licensing and import formalities. Desired age group is 35-40 years.

MATERIALS ENGINEERS

(Material Planning/Purchase/Stores)

Mechanical/Electrical Diploma Holders with about 6 years relevant experience in one of the three areas specified above, in an engineering industry, may apply. Graduate Engineers with 2 to 3 years experience will also be considered.

Preferred age is under 30 years.

The Company believes in the integration of individuals and Corporate objectives and offers an attractive compensation package coupled with ample scope for future growth.

Apply within 2 weeks, enclosing a recent passport size photograph and superscribing the envelope with the position applied for, to:

Team
TITANIUM EQUIPMENT AND ANODE
MANUFACTURING CO LIMITED
'TEAM HOUSE'
G.S.T. Road, Vandalur, MADRAS-600 048.

AIR/GAS TREATMENT EQUIPMENT

NEAR DELHI **ATTRACTIVE TERMS**

Our client is a **PRESTIGIOUS DUTCH JOINT VENTURE** Company with operations in India and South-East Asia. The company is in the business of **COMPRESSED AIR/GAS DRYING PLANTS & OTHER AIR TREATMENT PRODUCTS.** They are on the look-out for the following individuals to strengthen their operation in India.

VICE PRESIDENT

OPERATIONS

The incumbent shall be responsible for total operations of the plant and running it as a distinct profit centre. Key result areas include building up the organisation for achieving the growth requirements, leading & motivating a team of highly skilled executives and overall financial and administrative control of the plant. Should be an Engineer with around 15 years industrial experience preferably in manufacturing refrigeration equipment, Heat Exchangers, pressure vessels and chemical plants. At least 3 years experience in heading a medium size batch production plant is an essential requirement. Age: Around 40.

MANAGER ENGINEERING

DESIGN & PRODUCTION

The incumbent shall be responsible for design and production of Refrigeration and Adsorption type **COMPRESSED AIR DRYERS** for various applications. Other important aspects of the job include vendor development & PPC. Should be an Engineer with at least 10 years experience in design and production of compressed air dryers and/or refrigeration equipment. Age: Around 35.

MANAGER TRG & DEVT

The incumbent shall be responsible for designing and implementing training programmes, both in the area of technical and management development, for all the group companies. Should preferably be a Post Graduate in Personnel Management with specialisation in training and development, and at least 7 years relevant experience in a technology oriented organisation. Adequate experience in technical and management development training, high degree of initiative and excellent communication skills are essential requirements.

All the above positions offer a highly professional work environment and ample growth opportunities. **SALARY PACKAGE & PERQUISITES FOR ALL THE POSITIONS ARE ATTRACTIVE AND SHALL NOT BE A CONSTRAINT IN FINALISING THE SELECTION.** Please apply in strict confidence **IMMEDIATELY** marking the envelope and enclosures with the job title and code: 9031.

PERSONNEL SELECTION DIVISION
MANTEC CONSULTANTS P LTD
Post Bag No. 33, New Delhi 110 019
Tel: 6431872, 6415864, 6429295

Undertaking world wide assignments in association with MSL INTERNATIONAL, U.K.

MDS

WANTED DYNAMIC R & D TECHNOLOGIST

to be the driving force of Technology Development for the market leaders in mcbs – MDS, a professionally managed growth oriented company having diversification plans under implementation with collaboration of world leaders in Electrical Installation equipment.

GENERAL MANAGER TECHNOLOGY GROUP – JALGAON

Correspondence is invited from graduate/post graduates in Electrical Engineering with a track record of product development combined with managerial skill and organisational excellence.

We are looking for top-notch professional in age group of 35 to 40 years. The incumbent will hold independent charge of the technology functions of the company spanning new product development, R & D Lab, product upgradation, value engineering, Design office, SPM development and Tool Room.

The incumbent will be a high achiever capable of forming and galvanising his team and infusing a sense of mission in the team.

The compensation package will be commensurate with experience and maturity and is not likely to be a constraining factor.

Apply within 10 days, giving details of qualification, experience, salary drawn and recent passport photograph with envelope superscribed GMTG, to:

The Chairperson
MDS Switchgear Limited
Prospect Chambers
317/21, Dr. D.N. Road
Bombay-400 001.

A PROFESSIONALLY MANAGED INDUSTRIAL GROUP REQUIRES THE FOLLOWING FOR ONE OF THEIR PLANTS NEAR DELHI:

GENERAL MANAGER (MATERIALS)

THE CANDIDATE SHOULD BE A BACHELOR OF ENGINEERING IN MECHANICAL OR AUTOMOBILE PREFERABLY WITH A POST-GRADUATE QUALIFICATION IN MATERIALS MANAGEMENT OR AN M.B.A. HE SHOULD BE 35-40 YEARS OF AGE WITH AT LEAST 10 YEARS EXPERIENCE IN THE MATERIALS MANAGEMENT FUNCTIONS IN A WELL KNOWN ENGINEERING COMPANY. HE MUST BE THOROUGH IN INVENTORY CONTROL AND COST EFFECTIVENESS. KNOWLEDGE OF IMPORT OF RAW-MATERIALS/ COMPONENTS WILL BE AN ADDED ADVANTAGE.

SENIOR MANAGER (MARKETING)

THE CANDIDATE SHOULD PREFERABLY BE DEGREE HOLDER IN AUTOMOBILE ENGINEERING, RESPONSIBLE IN THEIR RESPECTIVE AREAS FOR ESTABLISHING SOUND MARKETING POLICIES AND STRATEGIES, CO-ORDINATION WITH THE PLANTS FOR PRODUCTION, PLANNING AND EFFECTIVELY MEETING CUSTOMER'S REQUIREMENTS AND ACHIEVING THE SALES TARGETS OF THE COMPANY IN THE TOTAL PRODUCT RANGE.

THE ASSIGNMENTS OFFER TREMENDOUS POTENTIAL TO PROVE ONESELF AND EXCELLENT GROWTH PROSPECTS.

THE COMPANY OFFERS ATTRACTIVE COMPENSATION PACKAGE WITH LIBERAL BENEFITS COMPARABLE WITH THE BEST IN THE INDUSTRY COUPLED WITH BRIGHT PROSPECTS FOR GROWTH.

PLEASE APPLY WITH STRICT CONFIDENCE AND FULL DETAILS WITHIN **15 DAYS** TO:

POST BOX NO. AA/322/LP/3
BUSINESS INDIA
59, Regal Building,
Connaught Circus,
New Delhi-110 001.

WANTED

We are a well known Multi-Division Industrial group from Andhra Pradesh with a turnover of over Rs.100 crores and are on the lookout for the following finance personnel for our Project with Visakhapatnam as Head Quarters.

FINANCIAL CONTROLLER:

The incumbent is expected to take care of all aspects of Project financing and banking. He should negotiate and finalise arrangements with the Financial Institutions and Banks. He will also be involved in long term planning, monitoring the present and future Projects, Public Issue activities, Fund & Cash Flow Management, Tax Planning, Budgetary Control, M.I.S., Computer Application. Good communication skills, pleasing personality, analytical brain, innovative ideas and persevering nature, strong ability to carry on a group of professional team is essential. He should have handled Projects with considerable worth of Rs.30 crores and above. Candidates should be Chartered Accountants or M.B.A.s (Finance) from IIM and are currently in a Senior Management position in a reputed organisation with a minimum of 10 years experience in the age group of 40 to 45 years.

The above position offers attractive compensation in line with the best in the Industry with opportunity for career advancement for the right person. Those interested may apply within 15 days in confidence with detailed curriculum vitae, present assignment, salary drawn, salary expected giving position reference on the envelope to:

Personnel Department,
(Chemical Division)
Post Box No. 701,
VISAKHAPATNAM - 530 007.

indchem

Electronic Weighing
Loading Control
Data Acquisition
Industrial Automation

INDCHEM INSTRUMENTATION LIMITED is an Indo-US joint venture company, renowned for its pioneering efforts in providing integrated solutions to industrial instrumentation problems.

It is an associate of Indchem Electronics Limited, a highly diversified professional electronics company with a network of branches spread across the country and abroad.

To equip itself for the challenges of the future and as a planned measure to strengthen its sales and other support areas, the company requires self-motivated, dynamic and result-oriented professionals with a zeal to succeed.

REGIONAL MANAGER

Location: Metros
Age : 32 – 37 years
Experience : 12 – 15 years

The applicant must have sound technical knowledge and exposure in selling high-tech and high-value equipment to industrial clients. Being the head of all regional operations, the position requires a person with maturity in handling managerial tasks skillfully and possessing an excellent record.

Salary will not be a constraint for the right candidate.

All applications will be treated in strict confidence. Please apply with full particulars within ten days to:

INDCHEM INSTRUMENTATION LIMITED
(Formerly Auto Measurematic Ltd.)
102, Velachery Road
Guindy, Madras 600 032

LINTAS M IIL P3 229

Manager

to head a Finance Company

being established in Madras by a large, prestigious and progressive trading group, specialising in consumer durables and having outstanding reputation and excellent record of growth.

Candidates should be CA/ICWA or MBA (Fin./Mktg.) with about ten years' experience in the areas of Finance/ Marketing/Leasing/Hire Purchase/ Financial Services/Banking. Dynamism in mobilising deposits and skills in Credit/Project appraisals will be essential.

Remuneration package will be very attractive.

Apply in strict confidence within 15 days to:

Box No: AA/322/CV/4
Business India
Flat No. 5-B-1,
J.P. Towers, 5th Floor,
7/2, Nungambakkam High Road,
Madras 600 034.

Hindustan Lever Limited

needs a

Communications Manager

The company recognises the importance of communication. To strengthen existing efforts, we are looking for a good communicator. The candidate should have an appreciation of the business environment and an ability to respond to the organisation's communication needs.

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The applicant should have a good degree and must have a flair for writing in English, besides Hindi/ Marathi. Excellent oral communication skills are essential. The ideal candidate will have 8-10 years experience in communications in a good company and/or in journalism.

Age: 30-40 years.

This position is in the management cadre, and offers further advancement in the company. Besides attractive salary, perquisites such as housing, etc. are available.

Applications should be addressed to the Executive Director, Personnel, Hindustan Lever Limited, P.O. Box 409, Bombay 400 001 within 10 days. Please mark the envelope: CM.

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(TWL 909 PEM)

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The candidate should be a Graduate Engineer with 10 to 15 years experience. Post-graduation in Refrigeration and Air-conditioning will be an added advantage. At least 5 years experience as head of production engineering function will be preferable.

He should have a fair knowledge of Project Planning, Facilities Planning, Selection of Machinery/Equipment, Plant Layout, Process Planning, Material Handling and Industrial Engineering.

He should also be able to lead a team of Production Engineers, Tool Designers and Industrial Engineers.

Compensation will be comparable to the best in the industry.

Please send in your resume within 10 days on A4 size paper, superscribing the envelope with the post applied for, to:

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Thirubhuvanai
Pondicherry 605 107

TWL COR PB 222

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Apart from the salary which is negotiable, the company offers other perquisites which go with senior management positions.

Apply in 10 days giving full details of age, qualifications, work experience and salary drawn, marking the envelope wit (M.M.) to :

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Maize Products

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P.O. Kathwada-Maize Products, Ahmedabad-382 430

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Degree in Engineering. Post Graduate qualification in Business Management from Indian Institute of Management preferred.

Age:

Preferably not exceeding 40 years.

Experience:

About 8-10 years' allround experience in manufacturing/production planning/marketing/projects in an Engineering Industry of which about 3 years should be as a Project Engineer/Manager in actual project formulation or implementation.

Job experience:

Should be familiar with concepts like Technology Forecasting, Corporate Planning, Diversification and Market oriented product search and have the flair to conceptualise such schemes into viable project proposals. Knowledge of project financing criteria and appreciation of financial aspects in project formulation will be necessary.

Applications giving full details of qualification, experience, present and expected salary should reach us within ten days. Please superscribe the envelope and the application as "Application for Manager - Projects" and address it to:

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Peenya, Yeshwanthpur Post,
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(Based in Coimbatore or Madras)

Responsibilities :

Independent charge of Tamil Nadu operations. Should identify and appoint stockists/distributors as well as guide and control the field force. He should also contribute strongly to marketing strategy formulation.

Qualifications :

Graduate, preferably with an MBA and a proven track record of achievements in marketing consumer goods, preferably biscuits/confectionery. Should have in-depth knowledge of the entire Tamil Nadu market.

Age : 30-35 years.

Please send a detailed curriculum vitae giving qualifications, experience, present employment, present salary, perks etc. together with a recent passport photograph to :

The Director
Cookies (India) Pvt. Ltd.
Chiyyaram
Trichur - 682 026, Kerala.

"We must adapt or pay a heavy price"

"I do miss writing, but what I miss the most is my anti-establishment image, now that I am part of the establishment," says veteran journalist **Kuldip Nayyar**, *India's high commissioner in the United Kingdom since March this year. Having spent 35 years in a newspaper office, Nayyar says his knowledge of the intricacies of trade and investment are limited. But he comes on board at a time when British industry is taking a fresh look at investment opportunities in India.*

Nayyar spoke to N. Radhakrishnan of Business India *about these economic issues at his official Kensington Palace Grounds residence in London recently*

What priority have you given to Indo-British trade and industrial relations on your agenda?
Trade is one of the most important elements in our bilateral relations. We see Britain as one of our most significant trading partners. A long history and a multitude of links underlie our relationship. In recent years, there has been a considerable upsurge. The revival of the British economy has played its part as have the expansion and liberalisation of India's economy. We consider Britain to be an understanding voice in Europe, as well as in other international councils. I am confident that the big gains in trade over recent years represent only the beginning.

British industry's main grouse against India is that the bureaucracy makes business difficult. Have you heard any such complaints?
It is commonplace for businessmen to complain about India's bureaucracy. I am an outsider to the establishment and I can understand to some extent the vexation they feel. We are one of the most rule ridden governments, frustratingly slow. Petty regulations going back to the Raj have cost us millions of pounds. The bureaucracy is frightfully large and it considers its business to retard business.

But things are changing in a small way now, The recent concessions announced by the government in the area of export and import and foreign investment are very significant. Believe it or not, the new policy aims to simplify and streamline the procedure for import licensing and export promotion. I trust British firms which have an interest in India will welcome them.

On my part I have managed to remove one major irritant in the way of British businessmen travelling to India. Instead of the two year double-entry visa system that prevailed, they can now get a five year visa which allows multiple entry. I have also been meeting a large number of British industrialists and urging them to invest in India, as also helping them sort out bureaucratic problems which they face in New Delhi.

Do you expect a marked improvement in British investment in India in the coming months and years?
I am sure this will happen. As you know, our government is making genuine efforts to ensure that its foreign investment policy becomes more transparent and that speedier decisions are taken. We realise very well that we cannot stand apart from the process of global integration and interdependence. We have to make investment in India an attractive option, otherwise people will look elsewhere.

As for trade, last year as many as 45 million items of clothing made in India were sold in Britain. We are rapidly diversifying our exports and venturing into new, more sophisticated areas. In 1988-89, for instance, India exported computer software worth $ 90 million This is an area where, I am sure, we w see rapid expansion in Indo-UK tradi arrangements. A few months ago, an Indian delegation made a successful v to explore the possibilities of expand computer software sales.

Among the more interesting export in prospect are Indian passenger cars and jeeps, which we hope to see on British roads later this year. In these a wide range of other products India i a position to supply high quality good very competitive prices.

I am also concentrating on NRI investments. I have been telling them invest at least ten per cent of their savings in India, which alone would be the tune of more than £100 million. I they are coming around to thinking th way.

What about the Indian Engineering Trade Fair in Delhi next year with Britain as the partner country?
Yes, it is an important step towards strengthening our bilateral trading relations. We are working towards a w participation from Britain. The fair is intended to open up further avenues f bilateral trade and make a large contribution to a better understandin the capacities and competitiveness of India and Britain in modern technolo

Having spent three months in Brita how do you see India's economic an industrial environment vis-a-vis wh is happening in the outside world?
In its economic management, India w have to contend with major new developments in the international economy. The global trading environment will have to face many uncertainties arising from the final stages of the Uruguay Round of trade negotiations, the anticipated impact c Europe of 1992, and developments in other parts of the globe. These developments will have significant repercussions on the existing systems international payments and finance.

To deal with these challenges successfully, the Indian economy will have to be competitive, flexible and responsive to rapid technological change. We must adapt or pay a heavy price. Change is in the air, and I am su it will benefit the prospects of trade a investment between India and its fore partners, particularly Britain.

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भारतीय डाक - तार विभाग INDIAN POSTS & TELEGRAPHS
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जमनालाल बजाज
1889 - 1942
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The times of principles

On the eve of the historic Dandi March, Mahatma Gandhi vowed he would not return to Sabarmati Ashram until India was free.

He was imprisoned, and released in 1934. India was still in bondage. Keeping his word, Gandhiji accepted the long-standing invitation of Jamnalal Bajaj and made Wardha his home. Two years later, he moved permanently to Sevagram, gifted to him by Jamnalal Bajaj.

Wardha became the "political capital" of India. The Congress Working Committee and many other organisations met there. Political leaders and visitors from across India and the world came to meet Gandhiji. The vast facility Jamnalal Bajaj created at Bajajwadi became an international guest house. A tradition which is still maintained.

C Rajagopalachari, Rajendra Prasad, Jawaharlal Nehru, Vallabhbhai Patel; all close confidants of Gandhiji were regular guests. The British externed Khan Abdul Ghaffar Khan, the Frontier Gandhi, from his province. He also came to live at Bajajwadi.

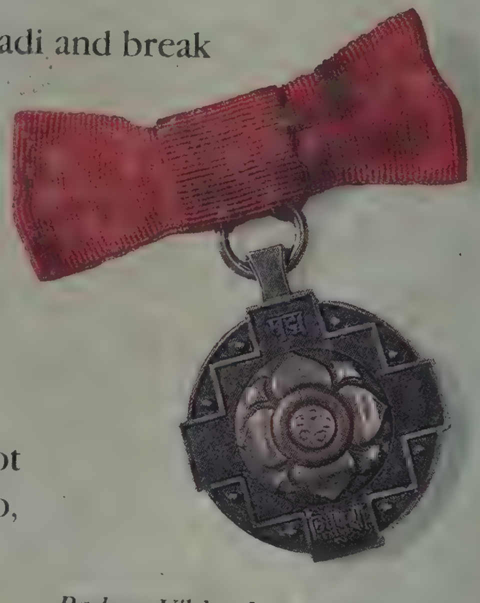
When Mahatma Gandhi had decided to launch the Salt Satyagraha in 1930, Jamnalal Bajaj set up a satyagraha camp at Bombay. His wife Jankidevi helped him. Jamnalal was arrested. Kasturba Gandhi advised Jankidevi not to follow him to jail. She should take the message of freedom to the people.

Jankidevi travelled constantly, urging the people to wear khadi and break the salt laws. Eventually arrested in 1932, her health was shattered by the time of her release.

To protect the civic rights of citizens and promote responsible government in the princely states, Jamnalal Bajaj founded Praja Mandals. As president of the Jaipur State Praja Mandal, he led the 1939 Jaipur Satyagraha, the first ever in an Indian state. The civic rights of the people were restored.

The freedom struggle waged on. But Jamnalal Bajaj would not see the dawn for which he had sacrificed so much. Just fiftytwo, he passed away suddenly in 1942.

"Whenever I wrote of wealthy men becoming trustees of their wealth for the common good I had always this merchant prince principally in mind," wrote Gandhiji after Jamnalal's death.



Padma Vibhushan awarded to Jankidevi Bajaj in 1956

bajaj auto

4·6

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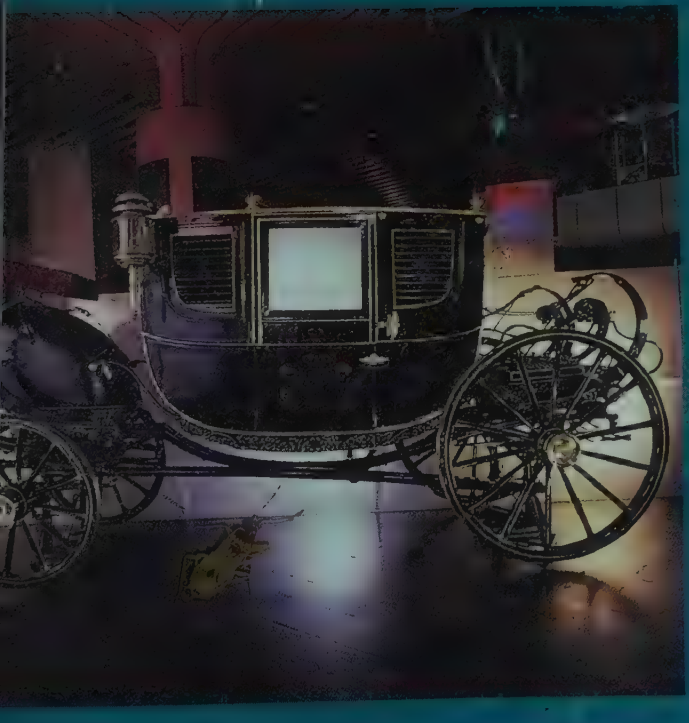
AMALGAMATIONS GROUP

The Southern giant ploughs ahead

AMALGAMATIONS CELEBRATES SIMPSONS 150 YEARS 1840-1990



INSIDE

ACC spruces up

Su-Raj bucks the trend

ICIM: small is better

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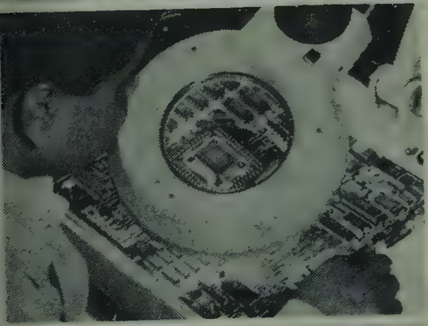

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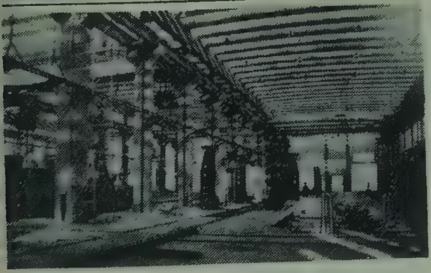

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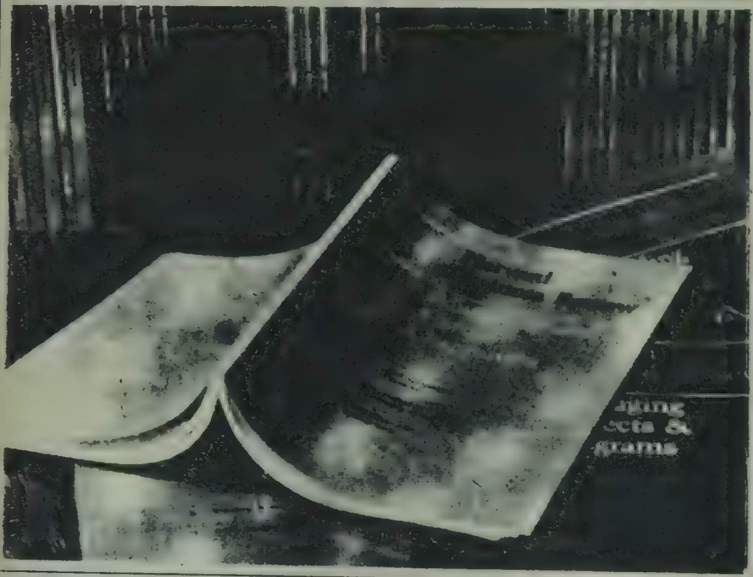

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LETTER FROM THE PUBLISHER

In this issue's cover story we focus on the Amalgamations Group, a giant from the south which has kept a very low profile to date. In keeping with several other southern business houses, the Amalgamations Group has grown steadily and remained profitable but has neither entered the capital market in a big way nor tapped financial institutions in a significant manner. So while the group's performance has been impressive, its growth has necessarily been limited.

A study of this growth raises interesting issues. It is quite clear that the companies that have grown fastest are those that have gone in for very large projects. Given the taxation structure, particularly wealth tax (and earlier estate duty) on individuals or families, including the wealthiest in the land, they have an adequate capital to embark on large projects without going to the capital markets and the financial institutions.

Many industrialists are only too painfully aware of this logic. They point out that given the convertibility clauses that were in fashion for almost two decades, expansion could mean loss of control unless, of course, they were willing to indulge in financial malpractices, generate black money and use the recycled money to maintain control. And yet, we all know today that no financial institutions have gained any significant benefits nor achieved any social objectives based on convertibility clauses. Yet the institutions have not formally dropped them from their loan documents. This is yet another example of how our bureaucrats and politicians have slowed growth by enforcing seemingly innocuous legal provisions in fine print.

It is high time that we systematically examine our rules and regulations many of which really serve no social purpose, entangle us in unnecessary red tape and yet continue to remain in our statute books. This ought to be high priority for a new government that continuously emphasises decentralisation.

Ashok H. Advani

When it comes to providing safe drinking water, it's amazing how many companie are stuck in the 19th century.

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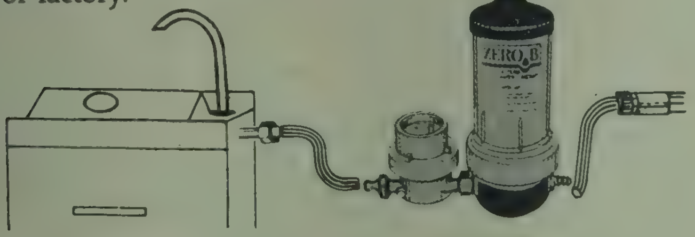

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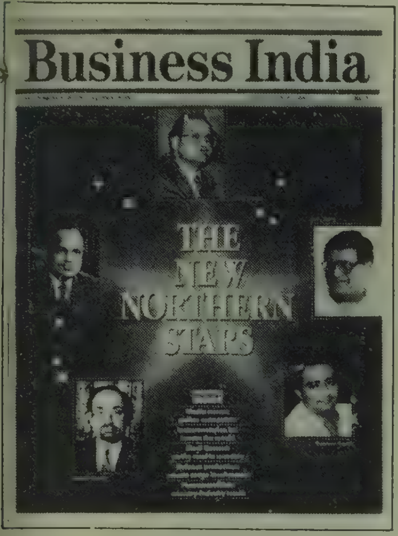


• Policy making

Your focus on the drug industry ('An overdose of controls', 25 June) was quite informative. Some of the new policy makers feel that whatever was done by the earlier policy makers was wrong and should be reversed.

What Gurupadaswamy is doing to the pharmaceutical industry is similar to what his ex-colleague was trying to do to telecommunications. His policies will create shortages which will be man-made.

There are enough short and long range problems to be tackled in the petroleum ministry. Corrective steps should be taken before any serious damage is done in the field of pharmaceuticals.

SANJIV THAKUR
Bombay

• One happy family

The article on Modi Cement Ltd (Corporate Report, 25 June) gives the impression that a division of assets is likely in the group.

We wish to emphasise that there is no such move for division and both Yogendra K. Modi and Devendra K. Modi are managing directors of Modi Cement Ltd. All the three sons of K.N. Modi continue to work together in harmony as one family.

DEVENDRA K. MODI
Bombay

• Room air conditioners

Your Industry Report on room air conditioners under the heading 'The more, the noisier" (28 May) is not only full of inaccuracies but also seems a deliberate attempt to boost the image of the "big boys".

Ever since the airconditioning and refrigeration industry took root in this country some 25 years ago, the growth of the industry has been purposely kept at a snail's pace by these big boys whose cause you seem to advocate. This was done by the simple method of advising the government to levy an excise duty at 140 per cent. Its effect was to keep the small units out and allowed big units like Voltas and Blue Star to reap rich dividends without fear of competition. With marginal adjustments, the duty had remained extraordinarily high till 1987.

It was only in the past three years, when the then finance minister, V.P. Singh, decided to scale down the excise duty from 125 to 40 per cent, that a whole new generation of qualified engineers entered the air conditioning field as entrepreneurs in the small scale sector.

A more significant development was the establishment of many ancillary units in the small sector producing components matching international standards. These include items such as cooling coils and condensors, used by both small and large scale industries. Therefore the question of SSI units using screwdriver technology does not arise.

Your writers themselves agree that modern technology has been brought in by the newcomers, and perforce big manufacturers like Voltas and Fedders Lloyd had to follow suit and upgrade the quality of their airconditioners. Your statement, therefore, that the organised sector (big units) have "superior technology" is patently false.

Your article seems to suggest that small units cut corners on quality by buying either cheaper, or second hand repaired components. This is not true of all small-scale units. Smaller units would easily outsell the bigger ones were it not for marketing constraints. In fact, your projection also forecasts a 65 per cent share for the small units of the total A/C market. Why then, denigrate their role?

K.N. BABBAR
International Refrigeration Industries
New Delhi

• Fibre optics

Your article 'Fibre optics comes to India' was interesting and informative (Technology, 11 June). But the information regarding indigenous production of optical fibre cable and associated systems equipment is not quite correct.

Optel Telecommunications Limited, a wholly owned subsidiary of Madhya Pradesh State Electronics Development Corporation Limited had gone into commercial production with effect from 1 July 1989.

K.K. SINGH
MP State Electronics Development Corporation Ltd
Bombay

• Petroleum policy

The recent restrictions on petroleum products by the government of India clearly shows ONGC's failure. ONGC being a monopoly and a government run organisation is not prospecting for oil fast enough, and at the same time is flaring crores of rupees worth of natural gas. It is also grossly abusing its import privileges. If it were to face a market economy it would be a losing company like SAIL. The government should, therefore, allow private sector and even foreign companies into oil exploration. Then India would be a net exporter of oil and we would not have had the present crisis.

Regarding conservation, at least in one city the government should allow delicensed and deregulated public transportation. That is anyone should be able to buy a bus or a van and operate it on any route he pleases and charge what the competition determines. This would immediately improve mass transport and many people who are using two wheelers and cars because of the poor condition of public transport will switch back to it. This move would certainly conserve energy.

KARUMUTTHU S. CHOCKALINGAM
Madurai

• Business vs environment

Your article on environment (Cover Feature, 28 May) has not come a day soon.

Industry bigwigs, who raise a hue and cry about every little fall in their production and profit figures, do not seem to be in the least concerned about the environmental crisis.

S.D. DINNJ
Thane

• Bank services inept

The quality of service in the nationalised banks has deteriorated, leaving customers at the mercy of the changing rules and regulations of the Indian banking industry. The MICR cheque system was intended to render an efficient, better and quicker service, at lower rates. In practice, the reverse has been happening.

As if all this was not enough, banks are now considering more levies, say, a "processing fee" of 50 paise for every cheque and a "cheque book cost" for every cheque book issued. This revenue, it is reported, is to be shared between banks and the RBI to cover efficiency and high speed machine costs!

K.S. VAIDYANATHAN
Bombay

• Paper qualifications

Jerry Rao must be congratulated for his lucid exposition of current day youngsters trying to acquire paper qualifications the easy way (Column, 11 June). Many management graduates who substituted high-sounding jargon for practical knowledge and implemented impractical theories, have caused incalculable loss to the entrepreneurs and promoters who expected a lot from them.

P.N. VISHWANATHAN
Madras

• Jerry Rao on the one hand rightly justifies several points related to the present management education system in the country, but on the other hand overlooks many points adversely affecting the globalisation of Indian business. Whereas Rao touched upon the 'software' past, he does not give the 'hardware' past due weightage.

On analysing the portfolios of successful countries like Japan, Korea, Taiwan, we find that, with the adaptation of technology from the industrially developed countries these nations have added value by way of indigenous product improvement (which is of course the result of integrated research work) and cost benefit, that has ultimately given them an edge over their competitors in the international market.

The Indian scenario gives us a totally dismal picture. There are few companies with an R&D centre. We have thousands with clauses like "the Indian counterparts will have access to the latest technological developments of the collaborator." Mere copying of an established product will never globalise our business however sound our MBAs may be in theory.

M.L. KABIR
Calcutta

• Handicapped benefit

Your article on Mediclaim Insurance (Health, 28 May) was of great interest to self employed persons who do not have the benefits of company schemes or employee state insurance schemes (ESIS).

However, the need for HCI policy holders to pay hospital security deposits/bills immediately on hospitalisation and only later to obtain re-imbursement from GIC or its members is a great deterrent. The problem of raising large funds at a short notice can have grievous repercussions on the claimants' already fragile health.

CYRIL B. D'LIMA
Bombay

• Submarine caper

There has been an inadvertent slip in captioning the photographs on pages 49 and 52 (Cover Feature, 14 May).

Since when does artillery use its firing weapons aboard a submarine? And similarly, since when have submarines become landlocked?

ANKUR GUPTA
Bombay

• Bash on regardless

"Why we can't afford war" (Cover Feature, 14 May) was thought provoking. No country, not even Japan or USA can afford war, yet each country continues to spend huge amounts on defence.

Expenditure on defence is like paying a premium on an LIC policy throughout the country's life, except that the maturity value culminates in expenditure on war. Computed at today's value, the amount spent on defence for the last 18 ½ years may exceed Rs.100,000 crore. But in a situation in which our neighbours or other nations do not follow the policy of non-violence, we have no option but to bash on, regardless of the cost factor.

V.V. NATU
Pune

• Out of tune

The problem with Service Area Approach was that bankers were not allowed to deliberate upon the pros and the cons (Follow Up, 14 May). The choice of villages to service was the government's discretion and, as a result, there are places where a large number of borrowers are chronic defaulters.

However, now with this discretionary power removed, banks have to compulsorily finance a village. This has saddled the banks with either a larger number of villages than they can cope with or with a number drastically reduced. Personnel are often not rotated in tune with the changes in policy and as such, banks find it difficult to operate.

• Cheers for the tramcar

In 'A streetcar to retire' (Cities, 14 May) the government's contention that it causes traffic jams is totally untrue. Nearly 80 per cent of the tram tracks do not interfere with vehicular traffic. The picture too shows vehicular traffic encroaching on to the tram tracks, while the road, is wide open.

Also, the metro railway is just developing and the multitudes catered to by trams cannot be easily accommodated by buses and the metro. Besides, being pollution free, trams are far more economical than the other commuter services.

A. SRINIVASA MURTHY
Secunderabad

• PR and all that

Sylvester da Cunha in his article (Advertising, 14 May) has brought out tersely the importance of public relations (PR) in a crisis situation.

PR is generally relegated to a secondary position and its need is felt only when certain positive aspects of the organisation are required to be projected or brought to the notice of the public.

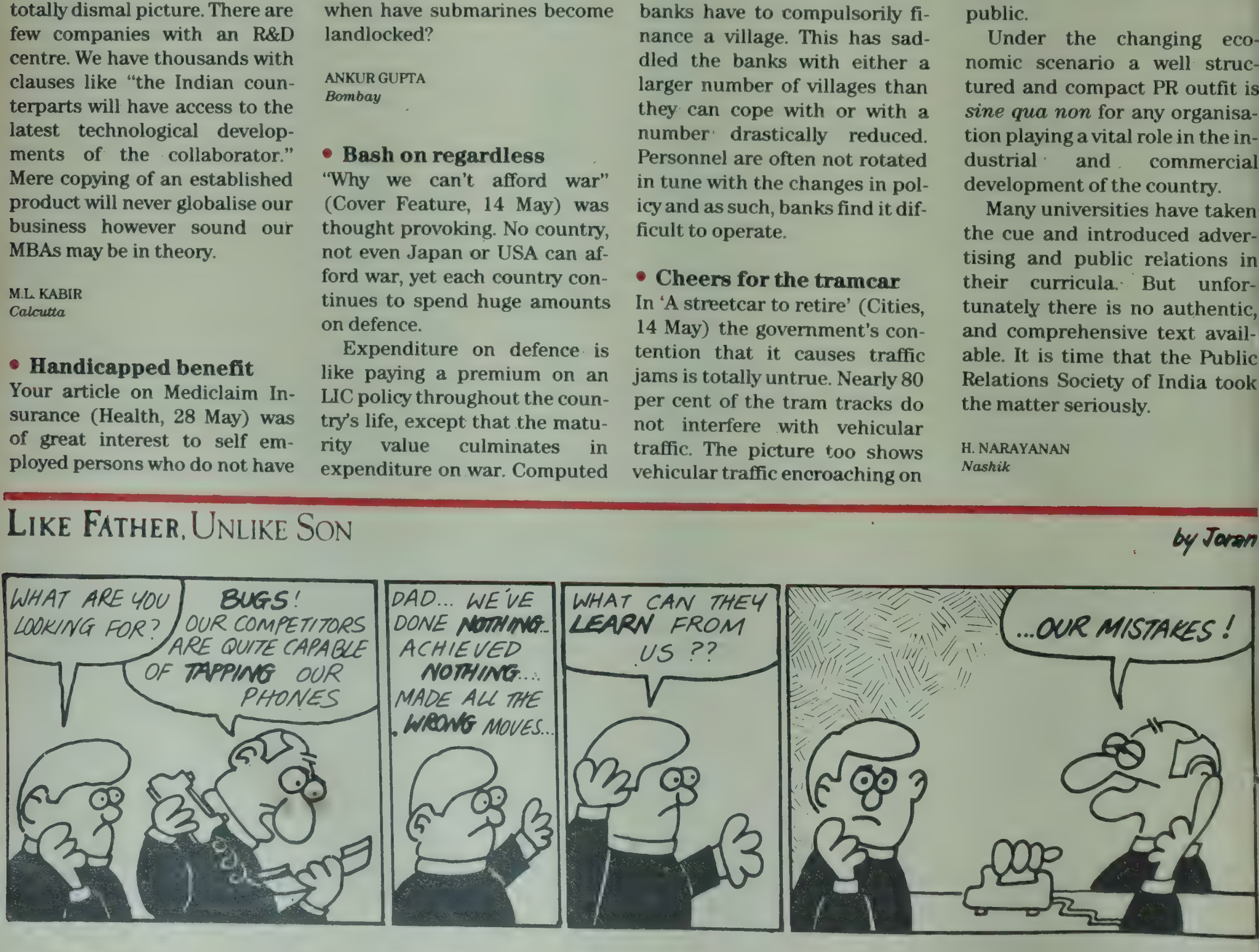
Under the changing economic scenario a well structured and compact PR outfit is *sine qua non* for any organisation playing a vital role in the industrial and commercial development of the country.

Many universities have taken the cue and introduced advertising and public relations in their curricula. But unfortunately there is no authentic, and comprehensive text available. It is time that the Public Relations Society of India took the matter seriously.

H. NARAYANAN
Nashik

LIKE FATHER, UNLIKE SON

by Joran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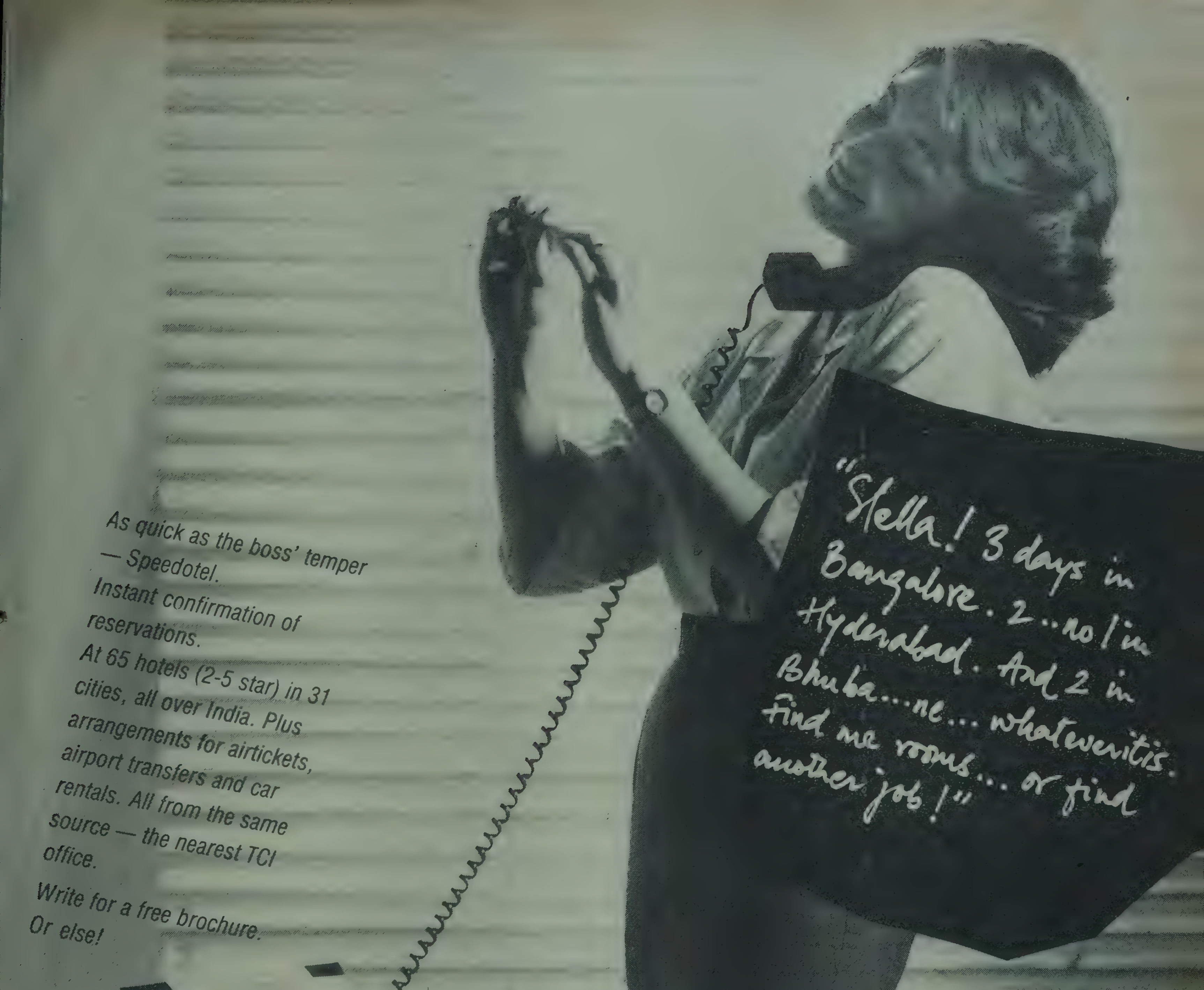
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The left-right punch

The country's continuing political crises stem from a single fact: the National Front government has been economically liberal towards industry but politically dependent on the urban left and the rural right.

For the urban left, led by George Fernandes and Chandrashekhar, V.P. Singh's liberal industrial and fiscal policies were intrinsically unacceptable, although logic and events around the world have by now put a worn-out and illogical face to their arguments.

For the rural right, personified by Devi Lal, the removal of Om Prakash Chautala signalled an attempt to control its hitherto unchallenged power. Significantly, other representatives of the rural right, such as Mahendra Tikait, were not critical of Chautala's later return to power.

Yet, an inventory of Singh's policies suggests that his primary interests lie in promoting industrial growth. Hence, the contradiction is deep and bound to create crises. It is interesting that Singh's survival strategy has differed from that of his one-time mentor, Indira Gandhi, who faced a similar situation in 1967. Her populist policies of the time — bank nationalisation, tighter industrial licensing and higher income taxes (while exempting agriculture) — kept her in power but bankrupted the nation.

Much the same was expected of Singh after his election as prime minister last December. Instead, he attempted to stay in power by continually taking the high moral ground on all political and economic issues.This was clearly a riskier strategy than the populist one. For instance, isolating Devi Lal over Meham risked his own downfall, given the support that the deputy PM enjoyed in the party in the north.

But Devi Lal's supporters were also responsible to their electorate and Singh hoped that they would remember that responsibility. This worked over Meham. It worked on industrial policy, when Singh risked his support from the urban left by espousing a pro-growth policy and welcoming foreign investment. Even on the presidentship of the Janata Dal and on Hegde's resignation, when he appeared to have lost battles, he avoided losing the war by espousing decentralism over commitment to a single person.

At each stage, though, his success raised the stakes for those who would succeed him. As such, every subsequent crisis meant higher risks. They also, unfortunately, increased the risk to the nation.

This risk is two-fold. First, the continuing political crises will probably be viewed by investors as a sign of instability. Of what value is May's liberal foreign investment policy if Ajit Singh is missing by September?

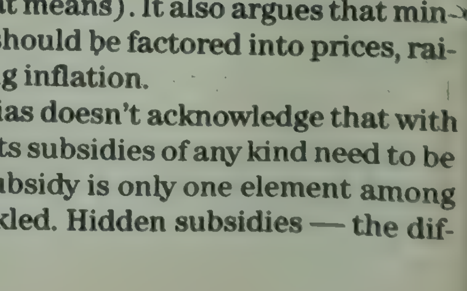
To many, then, the crises will appear as signs of a foundation that has cracked. In that sense, any minority government is doomed because it must play ever-more dangerous survival games which must one day backfire. Second, Indian bureaucracy depends on political will to function, and will stagnate as long as politicians are preoccupied with survival.

On the other hand, crises can be viewed as opportunities for a purge. If morality and economic rationality are ever to succeed in guiding India's policies, commitment to reform must be accompanied by the discipline to change.

A minority government has the best chance of being disciplined because it will be judged solely on its performance and cannot survive on its organisational strengths. In that sense, a minority government provides the country's only context for progress as opposed to a majority government which may survive because the pulls and pushes on its policies are internal to its organisation but absorb its creative energy entirely.

Singh should be given credit for a strategy that is more realistic than the fatal attractions of populism. If it works, he will be hailed as a magician. If it fails, his inscrutability of the last six months will be called a facade for an idler.

Status quo on agriculture



The draft policy on agriculture makes the right noises, but if you are looking for a new vision look elsewhere. The policy doesn't tackle the fundamental problems that face Indian agriculture: the runaway growth in subsidies and government meddling in the fixing of agricultural prices. The policy argues that curtailing subsidies would mean less production and jobs, leading to a "sub-optimal socio-economic equilibrium" (whatever that means). It also argues that minimum wages and inflation should be factored into prices, raising the spectre of spiralling inflation.

The policy's status quo bias doesn't acknowledge that with increasing budgetary deficits subsidies of any kind need to be whittled down. Fertiliser subsidy is only one element among several that need to be tackled. Hidden subsidies — the difference between what it costs to provide irrigation and electricity to farmers and what they pay — is another. Finally, the consumer can theoretically access the public distribution system irrespective of whether he really needs to or not.

Initially, fertiliser subsidies made sense as they encouraged the use of fertilisers. Today, when farmers have recognised their benefits, subsidies should be phased out. Fertiliser prices in the country must be equal to the long term average cost of fertiliser internationally. This would prevent extortion by the industry in the country. Simultaneously, farmers would be protected from sharp swings in international prices. Even so, the price of fertiliser is only one element in the farmer's increasing consumption. Equally important are the availability of irrigation and profitable technology. In fact, studies have shown that investment in irrigation and public works programmes to provide income security to the poor boost output and employment more than a fertiliser subsidy.

The continued reliance in the draft policy on price as an element which boosts production can be questioned. Empirical evidence suggests that an increase in prices doesn't necessarily guarantee increased production for all crops. The price of pulses has increased far faster than the price of wheat but production hasn't. Yields of pulses have stagnated, making the total realisation per hectare lower than that of wheat. In turn, this has resulted in a shift of acreage from pulses and coarse grains to crops like wheat and rice. The shift away from crops which are a major source of protein can only be a cause of concern.

What this example underscores is that using of price or subsidies as an instrument to boost production is most effective where a technology is in place and all other infrastructural necessities for increasing production are available. But today the challenge is to boost the output of precisely those crops which do not have these inputs. As many of these are grown in dryland areas, they require a totally new approach. What is critical here is not just the incentive that price can provide but the conservation of moisture which is vital for crop growth. Thus investment alone is not enough but management skills of high calibre to enable and enthuse communities to do this are required as well.

Today the government's main task lies in providing such infrastructural support. What it should seek to do is restrict its intervention in the setting of prices, outside of providing a basic support price. The market, not bureaucrats, is the best arbiter of prices. What the government should provide is access to food to those who can't afford it. For the rest it should leave well alone.

A ban on cigarette advertising

"Thank you for not smoking." This polite message could soon be a thing of the past. An embargo on smoking in public places is on the verge of being centrally legislated.

Sensible (though late) as such an action will be, it will not curb the smoking habit even if implemented well (another question mark). Should the government, therefore, follow the example of the EEC countries and ban cigarette advertising as well?

The health menace notwithstanding, there is the libertarian view that people should be both allowed and influenced to smoke. Unfortunately, this view certainly does not apply to younger persons (the bulk of new smokers) whose consideration for their long-term health is often easily overcome by seductive advertising.

Cigarettes are one of the most heavily advertised consumer products. Manufacturers assert that their multi-crore advertising budgets (Rs.27 crore last year) are spent solely to inform consumers about the choice available in the market place. This explanation is a smokescreen. Cigarette ads such as those which portray smoking as an expression of 'freedom' or 'kingsize living' carry powerful messages. Impressionable young minds can easily be seduced by this pseudo image. Its impact is subliminal and clever creative strategists know this well.

These same shrewd assessors of consumers' behaviourial impulses would plead for reasonable restrictions on advertising rather than outright prohibition. They might be willing to give up image-based ad campaigns, as in the UK, for bland, statement-of-fact advertising in which the visual is restricted to the product and the copy to the nicotine content and tar levels. But the ban on liquor advertising has proved that advertisers know exactly how to sidestep the law with image-building exercises such as the sponsorship of sports and cultural events and point-of-purchase sales promotion.

The cigarette lobbyists may well argue that the ever-rising excise costs of smoking (currently Rs.1,800 crore per annum) act as a sufficient curb on smoking. Not quite. The addictive nature of smoking will ensure that current smokers will not give up even if real costs rise. The ban on advertising will help prevent the young from joining the smoking fraternity. To be effective, it should be accompanied by an extensive awareness campaign on the hazards of smoking, financed by a health cess on cigarette sales.

The average smoker contributes Rs.1,250 per year to the government as excise duties. It could lose some of this through such stricture, but in the long run it will gain many times over with a healthier citizenry.

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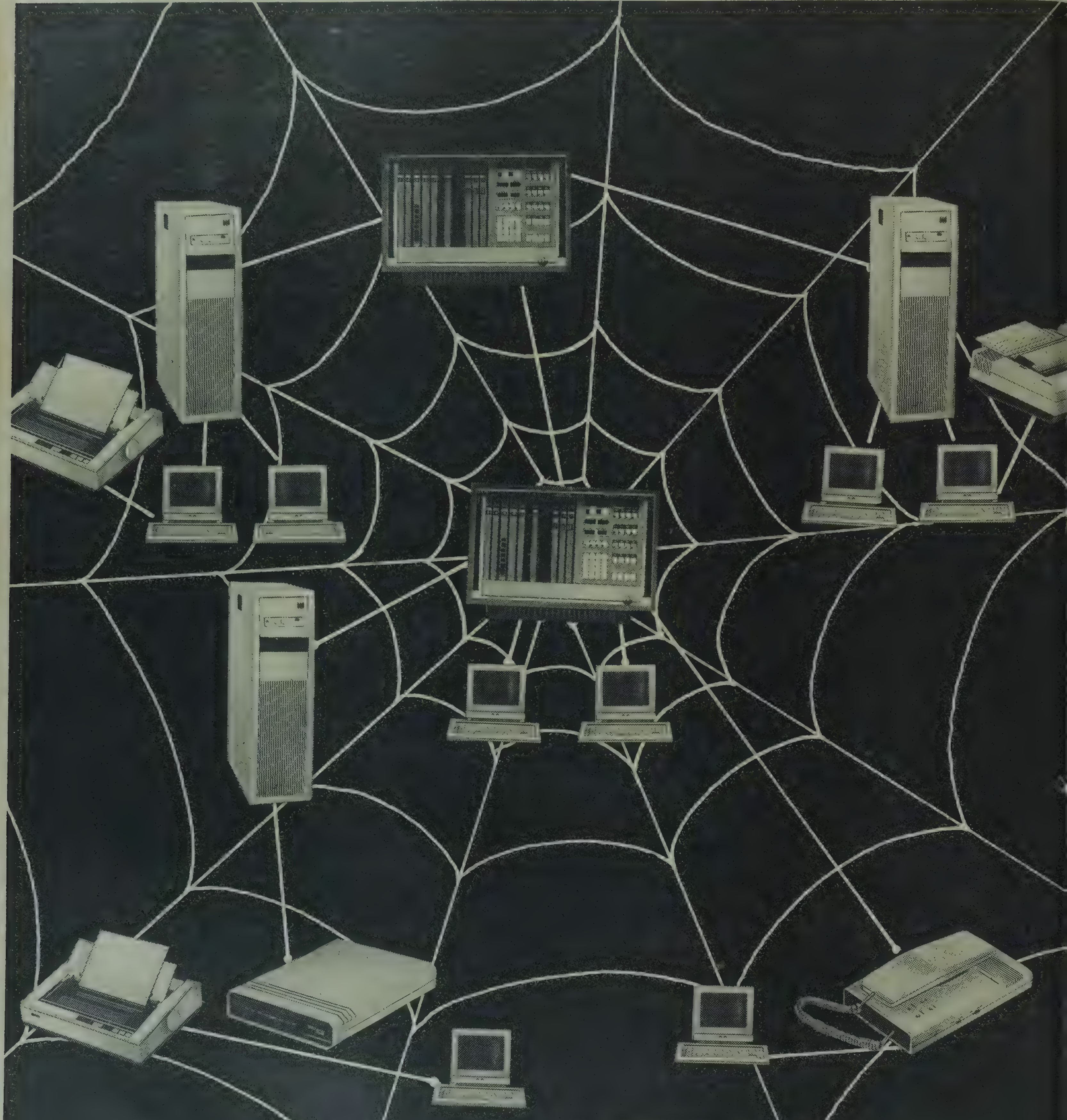

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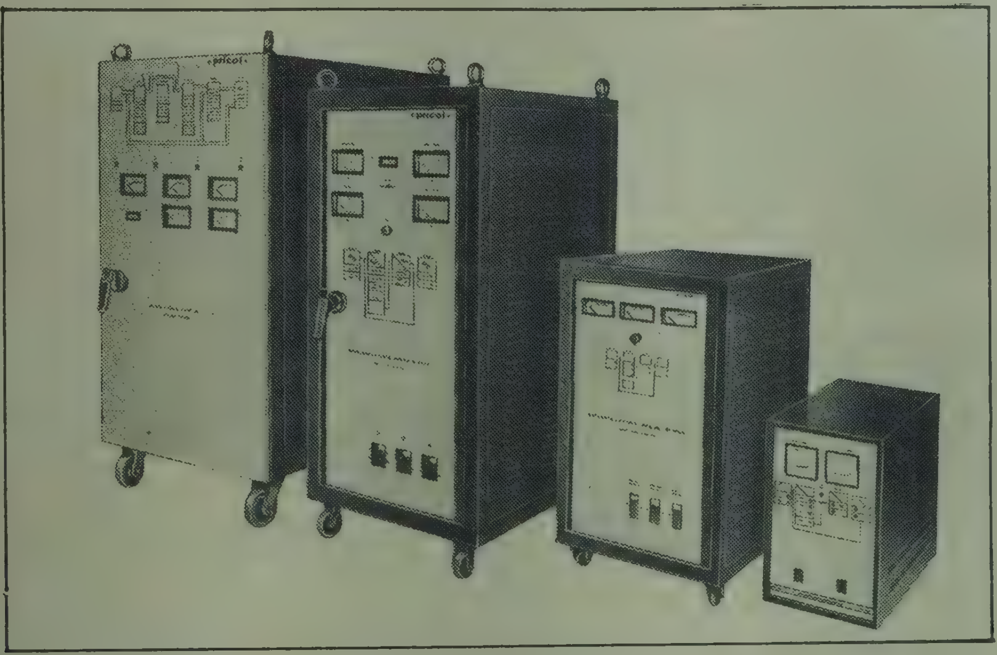

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MAA COMMUNICATIONS 994

A long bond

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A provincial Japanese bank's offer to make the distant descendants of its customers multi-millionaires has already grabbed the attention of 20,000 customers. The 10 generation or 250 year long savings scheme will also consider how interest rates move over the next couple of centuries. So a modest initial investment of 50,000 yen could reach 9.9 billion yen at the current interest rate of about 4 per cent a year.

The scheme is a brainchild of Shigeki Ishii, branch manager of the Shiawase Bank in Yamagate Prefecture, northern Japan.

Although Ishii's idea was to celebrate the 50th anniversary of his branch in the town of Tsuruoka, it tempted 300 investors from other regions of Japan as well.

Some depositors have pinned their family's genealogical chart and photographs to their subscription forms, a sort of time capsule of information to enlighten their heirs about their benefactors. The plan has not been greeted warmly by rival bankers, who denounce the scheme for not taking into account inheritance taxes which, they feel, could swallow 75 per cent. But investors, mostly 30 years of age, are taking it seriously.

SAT SONI
New Delhi

Debt crisis

India's debt crisis and measures currently being undertaken have their global origins in 1982. Enthusiastic economists, journalists, government officials, bankers, businessmen, politicians and research institutions started contributing articles in an effort to cope with the debt phenomenon.

Records of the IMF-World Bank Joint Library show that 548 books have the catalogue entry "external debt" of which 435 (79 per cent) were registered since 1982. The library also has 2,975 articles and working papers on external debt, of which 2,940 have been added since 1982.

ARUN BHATIA
Bangalore

Fly by night

Modern-day tax evaders, who pride themselves on their ingenious methods for avoiding taxes, could have picked up a trick or two from the ancient Romans.

In 43 BC, the Roman government passed a law which ordered all rich people to donate a part of their lands to war veterans. Only private cemeteries or any land housing a mausoleum was exempt from the tax.

The poet Virgil, who was a wealthy landowner, discovered a novel way to circumvent the law. One day he invited all his friends, including several politicians and celebrities, for a funeral. He wept over a small casket, made a mournful speech and preceded the procession to his land atop a hill. There, with suitable solemnity, he buried the casket, which contained a dead housefly.

And though the elaborate funeral cost him a small fortune, Virgil effectively became the owner of a cemetery — tax free.

SHYAMAL GHOSH
Baroda

Coiffured by computer

Confused? Wondering which hair style would suit you — a perm, a bob or plain long hair? Well, now a computer makes your task easy and Scissor and Comb, a new salon in Bombay has one installed in its premises. A video camera shoots your picture and displays it on the screen. A catalogue of styles helps you further, and tells you which style suits your face best and also displays it on the screen. The cost is naturally stiff — Rs.300 for two styles and Rs.500 for four styles. The screen also tells you which make-up, colour or perm will suit your face. Anu Yusuf, who owns the salon, claims it's a first and says, "The purpose of setting up a salon of this kind was to help the people of Bombay who were looking for a change but weren't sure where they would get it. In other words, we help them to look different and beautiful."

M.H.
Bombay

Oil facts

The standard oil barrel came about by a royal decree. In the 15th century, King Edward IV declared that a barrel of eel or herrings should measure 42 gallons. Four hundred years later in 1882, a group of drillers adopted this as a measure of crude oil. In fact a barrel of oil is just that — a measure. Oil travels in drums which have a 50 gallon capacity.

Business India invites readers to send original unpublished contributions to this page. The snippets can be humorous, insightful, outrageous or simply informative. Each snippet must carry this coupon.

Rs.50 paid for each published contribution.

Excellent track record

According to a survey conducted by the National Council of Applied and Economic Research (NCAER), the yield in farms employing tractors is 20 per cent more than in those using bullocks. But even more surprising is the fact that farms employing tractors need 35 per cent more mandays of hired labour for each hectare, as greater productivity through farm mechanisation requires more people for irrigation, intercropping, fertiliser and pesticides application and harvesting.

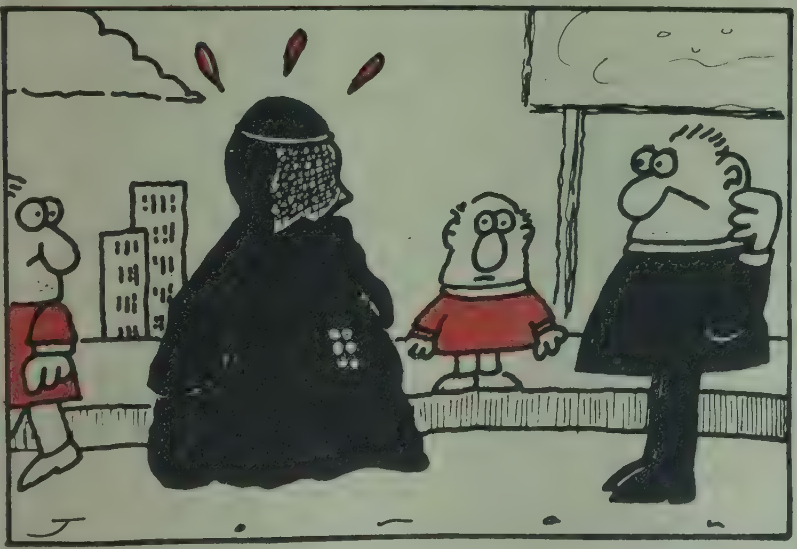
At the manufacturing end, secondary employment is generated for ancillary units and over one million people earn their livelihood from running and maintaining tractors. And there are over 1.1 million tractors in India.

Way back in 1952, the scenario was altogether different. There did exist over 40 brands of tractors, but these were strangely enough, displayed in city showrooms. At that time, Escorts, which was a small time manufacturer, approached customers in small towns and *mandis*, and introduced farmer training programmes. With this, Escorts was able to increase its market share to nearly 50 per cent.

Not so foolproof

Dogs have sophisticated taste buds. This canine characteristic has helped International Flavours and Fragrances to concoct the right flavour for dog food. The company has a panel of 150 dogs as official tasters who are served two bowls — one containing the flavour and the other without. However, the company finds that this is not the perfect way to test as the method is particularly susceptible to 'paw prejudice', ie, if a dog is right-pawed he'll tend to head towards the right side!

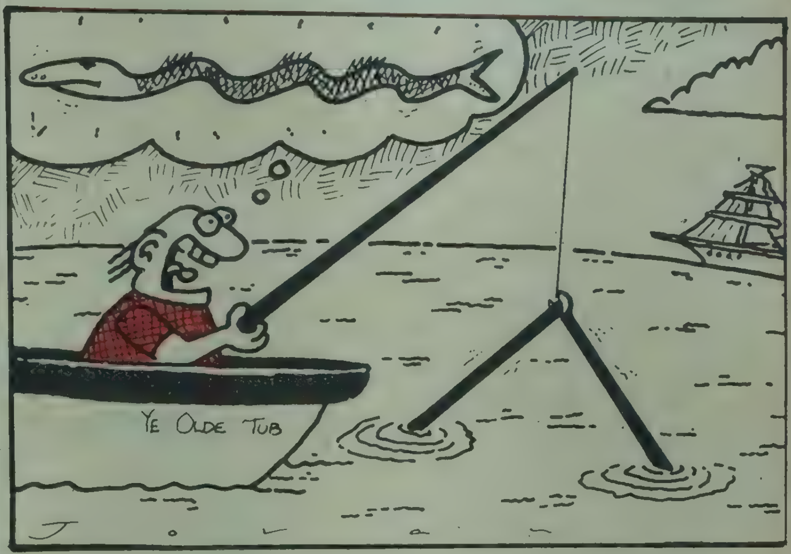
Disappearing trick



"Put on our special dress and you can see others, while they can't see you", proclaimed an advertisement. An enthusiastic youngster, who had seen *Mr. India* a couple of times, sent in his order by VPP. When the parcel arrived, it was exactly what the advertisement had said — a *burkha* in return for his Rs.500.

RAVI PADAKI
Bangalore

Evolution of telecommunications



The first inter-city telegraph line was inaugurated in 1844. In those days telegraph wires hung from poles alongside railway lines but until 1850 an overseas network was unthinkable.

Even when an attempt was finally made — a steam tug laid a single copper wire insulated with gutta-percha (a substance like rubber) across the English Channel — it only survived a few hours. A fisherman mistook it for a strange seaweed and cut a piece to show his friends.

The next time, iron wires were used but the biggest challenge — the Atlantic — had still to be met. In 1858, Cyrus Field, an American, persuaded a number of merchants and bankers of Manchester, Liverpool and London to finance his project to lay a submarine cable across the Atlantic. Eventually the cable was laid and Queen Victoria and President Buchanan of the US exchanged messages on 13 August. But a few weeks later the cable broke.

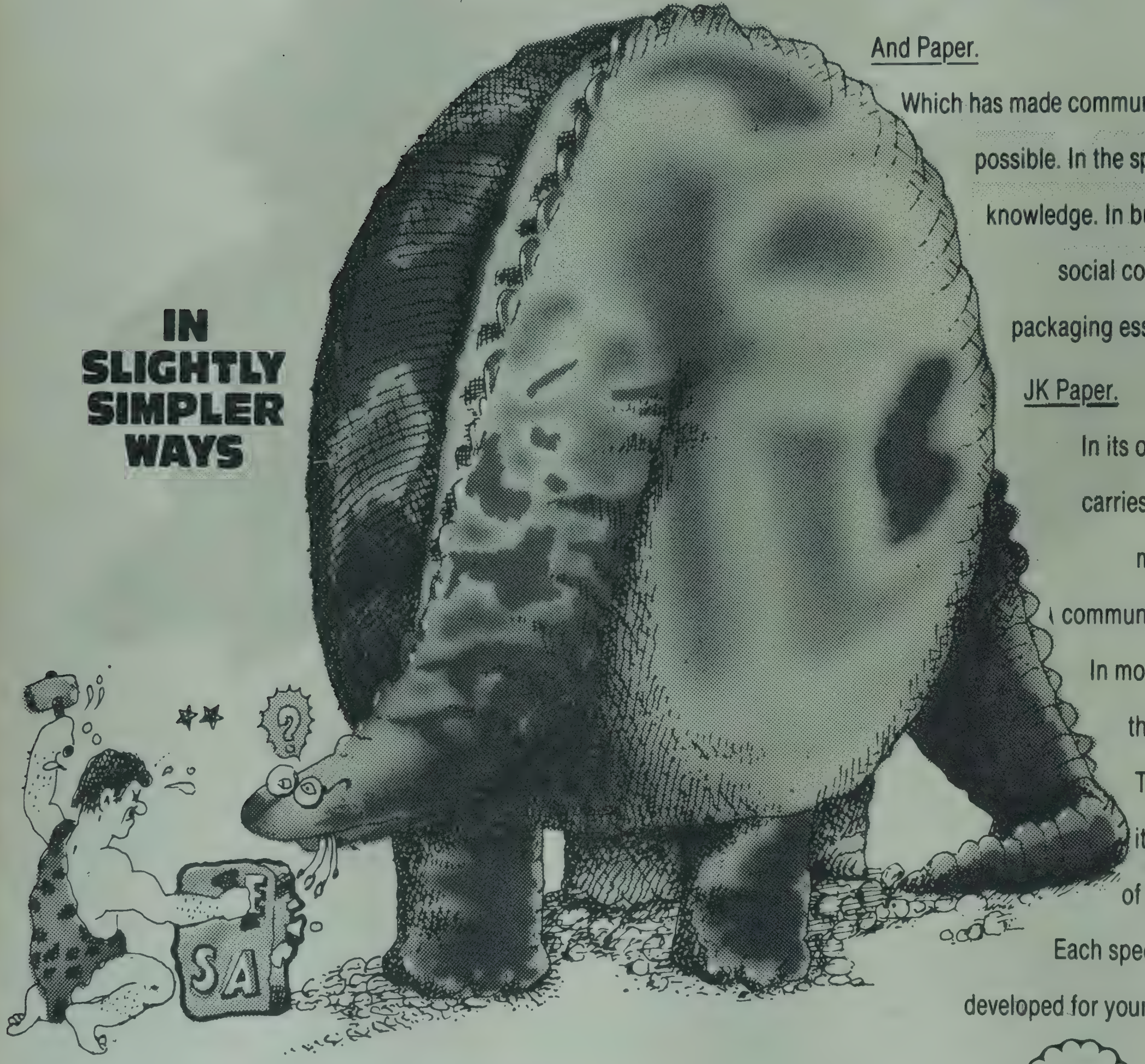
Undaunted, Field tried again and several years later chartered the *Great Eastern* to carry 3,700 km of cable in her specially converted holds. By 1865, nearly half the distance was covered when the cable broke again. It was only in the following year that the cable laying was completed. The earlier cable too was retrieved and by 1866 there were two working submarine cables under the Atlantic.

By the turn of the century, it had become possible to send a message practically anywhere in the world and 90 million telegrams were being sent annually.

Levitating to glory

Levi is one brand that has become almost a generic name for blue jeans. Way back in 1888, it was the name of a new bakery in Brooklyn — spelt Levy — which specialised in Jewish rye bread. Financial woes brought it close to closure in 1961 until a dramatic advertising campaign revived Levy's fortunes.

"You don't have to be Jewish to love Levy's" ran the headline which appeared on posters showing an American Indian, an Irish policeman, and Japanese boy tucking into a sandwich made of Levy bread. The company was inundated with requests for copies of the poster from all over the world. Though the bakery finally went bust in 1979, the ad agency that created the campaign — Doyle, Dane, Bernbach — moved on to greater glories.



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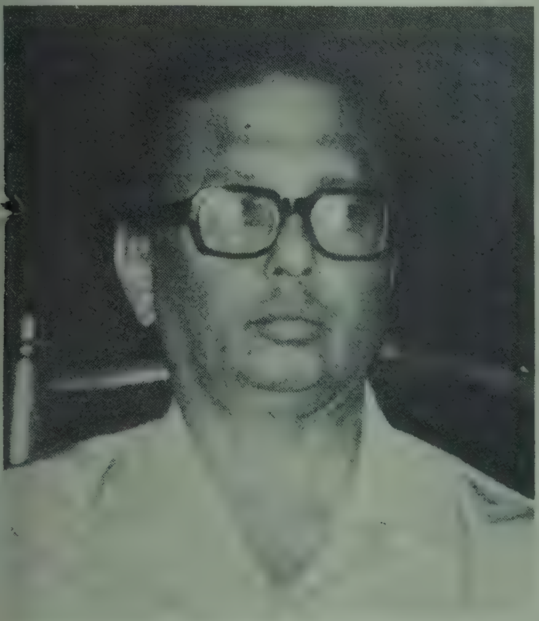
Who's coming to ACC?

Speculation is rife again in the corporate grapevine about who will replace Subrata Ganguly as managing director of ACC. Ganguly is moving over to Haldia Petrochemicals this September. The ACC board is believed to be trying for S. Venkitaramanan, an IAS officer of the Tamil Nadu cadre and former union finance secretary till 1989. Venkitaramanan spent five years in corporate management as chief executive of Southern Petrochemicals Industries Corporation (SPIC) at the behest of financial institutions and the Tamil Nadu government (joint owner of SPIC) in 1977. He was at the helm of SPIC till 1982 and in five years turned the company around, from deep in the red to a profit making one. If Venkitaramanan joins ACC he will be the third bureaucrat to head ACC after Krishnaswamy and Wadud Khan.



Venkitaramanan: turnarouna expert

Sea-change at Clarion

The new broom at the Calcutta-based Clarion Advertising Services is attempting a clean sweep. Industry insiders sent messages of sympathy to Ashish Mitra when he took over as president and chief executive of this beleaguered agency in April this year. Since then Mitra has been working at breakneck speed to shape things up.

For starters he has been roping in some respectable names in the business, most of them ex-colleagues from his Thompson/O&M days. All in all, 14 key recruitments have been made at Clarion's various offices. There are clearly major plans for the Bombay branch, which contributes about 40 per cent to Clarion's annual billing (Rs.30 crore last year). Mukesh Gupta, vice-president at The Edge, a subsidiary of Everest Advertising, is slated to spearhead the Bombay operations as senior vice-president from 1 August. The current branch head, Rashid Kidwai, will move over to head the agency's new financial advertising division. More announcements are in the offing.

Finolex to supply GM

Finolex Cables is all set to bag a huge order from General Motors US. Over the last nine months, teams of experts have visited Finolex Cables thrice and have finally certified the company as an OEM supplier to GM.

General Motors has been hunting for a quality supplier who had the capacity to match their volumes as well as be cost effective. In India they zeroed in on Finolex because this company is the largest supplier to the auto industry. Having found Finolex's quality satisfactory, they will shortly negotiate the first order for an estimated one million car cable sets, which includes the entire wire harness from the headlights to the tail-lamps. At current costs this would roughly be worth Rs.40 to 50 crore. Management sources at Finolex Cables are confident of wrapping up the deal by year-end and supplies should begin in early 1991. For Finolex Cables, which has had no exports worth the name, this is a significant break.

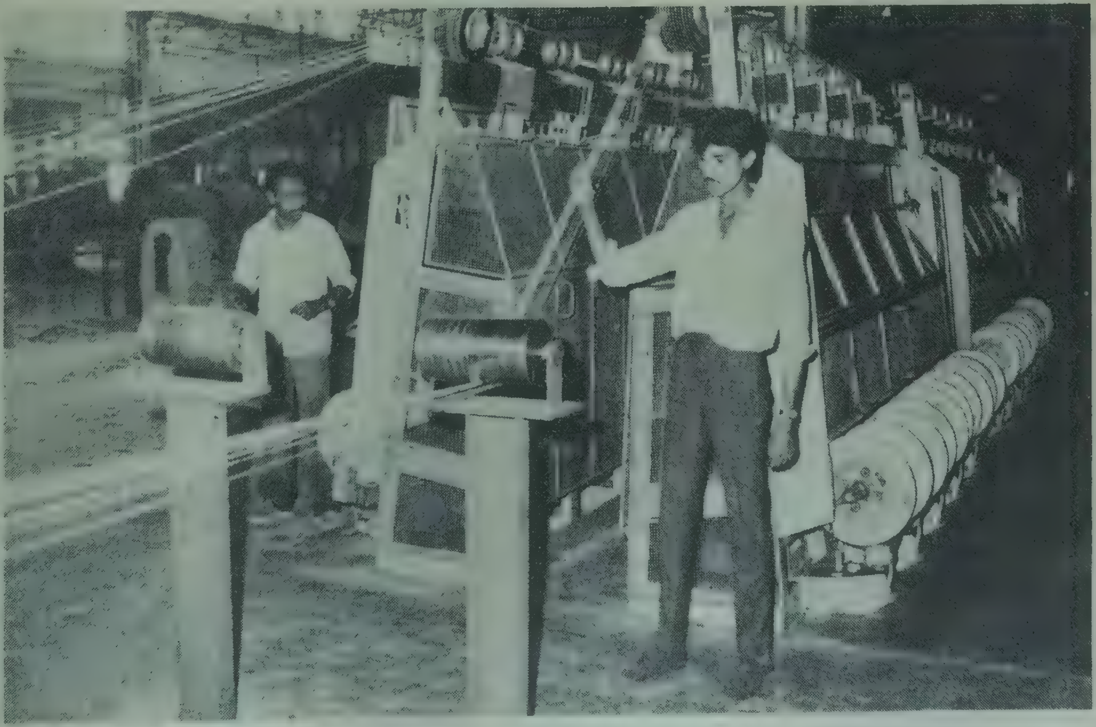
Dave for Nirlon?

Four months after M.R.B. Punja was asked to resign the chairmanship of Nirlon Ltd, Unit Trust of India (UTI), the single largest shareholder of Nirlon, is believed to have found a successor for Punja. UTI has already approached P.K. Dave, IAS and former secretary in the ministry of petroleum, to take over as Nirlon's chairman. While UTI is yet to hear from Dave, the unceremonial send-off for Punja last March has made people in banking circles sceptical of whether Dave will accept the offer.

REPS flops

The Real Estate Participation Scheme (REPS) of Lokhandwala Construction Industries Ltd, Bombay, has flopped miserably. The so called "innovative" scheme was promoted to finance Lokhandwala's massive construction project at Kandivli in Bombay. Lokhandwala floated REPS to raise Rs.21 crore from the public but it has received only Rs.2.5 crore from the issue which closed on 30 June 1990.

The ill-conceived scheme which had many loopholes to keep investors away, was believed to be the brainchild of Citibank's Indian office.



Finolex plant: big break around the corner

GOVERNMENT

Exports made easy

The Union government is looking at ways to facilitate exports and remove bottlenecks introduced by interstate laws, according to commerce secretary S.P. Shukla. At an open house meeting, organised by the Federation of Indian Exporters Organisation (FIEO) in Bombay recently, Shukla said his department had already begun discussions with the newly formed interstate councils. Several exporters complained to the secretary that export of granite, for example, was being hindered by curbs imposed by goverments of Tamil Nadu, Andhra Pradesh and Karnataka.

The Union government is also planning to announce a new policy on free trade zones and 100 per cent export oriented units with a view to revamp the working of these units and provide new incentives to them.

DPCO review

The standing committee appointed by the government to review the 1987 drug price control order (DPCO) is reported to be toying with the idea of bringing all medicinal products under a single category, instead of the two categories at present. It is also thinking of bringing more drugs under price control, according to M.S. Gill, secretary department of chemicals and petrochemicals. But Gill has simultaneously assured the industry that the standing committee, of which he is chairperson, would take the manufactures' apprehensions into account.

Industry status for builders

Building construction is likely to be declared an industry so that financial institutions can cater to the needs of the builders. Already, the government has declared road-building and hospital projects as industries, enabling the FIs to finance projects in these areas. The move to classify building construction as an industry, along with the national housing policy currently being drafted, is expected to provide a boost to construction activity in the country.

MNCs only in hi-tech areas

Officials of the industries ministry reiterated last fortnight that multinational firms are to be permitted to enter only on a selective basis in the high technology sector. However, as per the new industrial policy announced by the government, non- resident Indians would not require licences to invest up to Rs.75 crore in backward areas and up to Rs.25 crore in non-backward areas.

A-320 flights put off

The proposal to re-induct A-320 aircraft on the Hyderabad-Bombay and Hyderabad-Madras routes, scheduled from 16 July has been postponed until further notice. In their place, Boeing 737 and Airbus A-300 will operate on these routes.

PSU appointments

The prime minister has announced a fresh set of guidelines to expedite the appointment of senior executives of public sector undertakings (PSUs). As per these instructions, the Public Services Selection Board (PSEB) has to initiate steps to fill a vacancy 180 days before a position actually falls vacant. Further, the processing of candidates has to be completed within 110 days. These orders were issued after the prime minister had reviewed the existing procedures relating to appointments in the central PSUs.

Face lift for airports

Bombay and Delhi airports are to be modernised at an outlay of Rs.210 crore, according to a plan cleared by the Union cabinet recently. State-of-the-art equipment to aid navigation and landing will also be inducted as part of the plan which will take 20 months to execute. Proposals are also being chalked out for upgrading other airports, apart from the four international airports in the country.

ECONOMY

Domestic debt trap?

With the government's internal borrowings aggregating Rs.250,000 crore, the money supply crossing prudent levels and the country heading for a double-digit inflation, the threat of an internal debt trap looms large. This is deduced from the assessment of an internal paper prepared by the finance ministry in June.

Margins on bank advances

The Reserve Bank of India raised the minimum margins on bank advances against oilseeds and vegetable oils by 15 per centage points. The move is to contain the runaway rise in oil prices in the current lean season.

Industrial growth improves

The Centre for Monitoring Indian Economy (CMIE) has estimated that the Indian economy will increase by 4.5 per cent during the current financial year compared to an estimated 4 to 4.5 per cent growth rate during the preceding year. The industrial growth rate is expected to be around 8.5 per cent.

According to another study conducted jointly by the federation of Chambers of Commerce and Industry and Economic and Scientific Research Foundation, the oveall economic situation in the first 11 months of 1989-90 appears to be promising despite the pressure on prices. The inustrial growth rate was 6.8 per cent with the manufacturing sector growing at 6.1 per cent, mining sector at 6.5 per cent and electrical sector at 11.2 per cent.

Re-trade with USSR

The trade and payments agreement between India and the Soviet Union has been extended by five more years up to December 1995. The agreement forms the basis of the rupee payment system.

Many PSUs incur losses

At least 21 out of 81 public sector companies in India have incurred production losses worth over Rs.250 crore during the past two financial years. Frequent interruption of power supply to the concerned plants was responsible for this.

Approval board for EOUs

The separate board of approvals for 100 per cent export oriented units (EOUs) export processing zones/free trade zones is likely to be reorganised following the government's decision to delicense units with an investment of up to Rs.75 crore. The current view is that the board should consist of fewer members and include only senior officials in the ministry, department of economic affairs and the Reserve Bank of India.

IDBI loan sanctions

The sanction of loans by the Industrial Development Bank of India (IDBI) are likely to slow down this year to 22 per cent from 31 per cent in 1989-90. The all India financial institutions had 152 applications in the pipeline for Rs.3,130 crore in March 1990.

CORPORATE

Project commissioned

India's largest single electrical pipe line heating project carrying petroleum products for the Visakhapatnam steel plant has been commissioned by Artson Engineering Ltd, a public limited company dealing in turnkey project construction contracts and specialising in petroleum storage and handling systems. Their customers include Larsen and Toubro, Indian Oil, Hindustan Petroleum, etc. They have recently signed an agreement of co-operation with Chisso Engineering Company Ltd of Japan for introducing skin electric current tracing (sect) pipe line heating system in India. The agreement is on project to project basis. Chisso has provided heating systems for over 1,000 kilometres of surface as well as submarine pipe lines all over the world.

With a number of cross country petroleum pipe lines on the anvil the company is looking forward to doing substantial business along with Artson Engineering Ltd, in India.

Scindias lock horns with SCI

The Scindia Steam Navigation company has locked horns with the Shipping Corporation of India (SCI) in a bid to regain its share of cargoes on the trade routes between India and the USSR, GDR, Poland and Romania, that are covered by inter-governmental bilateral agreements.

Under the terms of the agreement SCI is entitled to a share of 50 per cent of the cargoes on these bilateral trade routes while Scindia and India Steamship were allotted 25 per cent share each. But April 1987 onwards the loss ridden Scindia was forced to discontinue operations. Its share was apportioned to SCI and India Steamship.

However, Scindia having resumed operation about seven months ago, has been demanding the restoration of the earlier order, but SCI is unwilling to relent. SCI's contention that Scindia should not be allowed to regain its 25 per cent market share is based on three charges.

Firstly, SCI officers feel that Scindia is not in a position to deploy 25 per cent of the cargoes on these sectors. Secondly, Scindia is not prepared to invest in the containers that will be required to service these sectors.

Thirdly SCI claims that Scindia wants to operate on only the more profitable routes in these sectors and not share the burden of the less profitable routes.

Scindia officials dismiss all these arguments and say that the company has more than the required ships to deploy on these sectors.

UCIL's new venture

Union Carbide India Ltd (UCIL) is planning to set up a 100 per cent export oriented unit for computer software and services. The location could either be at Santacruz electronic export processing zone or at a suitable place at Gujarat. An application to this effect has already been submitted to the Union government. The investment in this venture will be in the region of Rs.2 to Rs.3 crore.

Union Carbide is also planning to venture into the business of housing. A company with an authorised share capital of Rs.50 lakh will be floated to have a wholly owned subsid-

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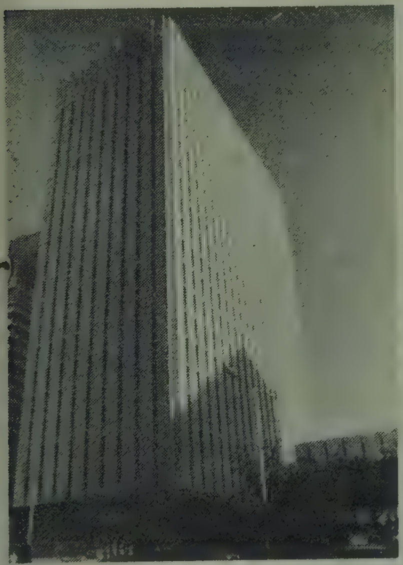
iary for handling the housing business. However, shareholders had requested the management to consider outside investment for the venture. Thus the resolution seeking shareholders' permission to invest in the new company was suitably altered on the spot to enable existing equity holders of Union Carbide and others to take up stakes in the company.

SBI among top 200

The State Bank of India (SBI) with assets totalling $35,765 million (Rs.60,000 crore) has been ranked 130th in *Business Week International*'s survey of the world's top 200 banks. No other bank in the subcontinent figures on this list.

However, in terms of real profitability (*Business Week*'s index of how the funds would rank if they operated under the same condition) SBI comes in at a low 178, registering profitability of 0.969 per cent.



SBI, has a low capital base of just $612.6 million which works out to a mere 1.71 per cent of its assets. Significantly under the new common capital standards which would come into effect in 1992 throughout the industrialised world, banks will have to maintain 4 per cent of their assets as capital base. Nevertheless, SBI has done much better in terms of growth in net income. At $54.4 million, the bank's net income has risen to a respectable 59.9 per cent.

INDUSTRY

Drug industry council

The pharmaceutical industry and trade have formed a joint council to take up matters relating to the review of the drug policy and the Drugs (Price Control) Order 1987. The council will have representatives from All India Organisation of Chemists and Druggists, Indian Drug Manufacturers Association, Organisation of Pharmaceutical Producers and others.

In a recent statement, the council said that any further controls, over and above what was mentioned in the earlier policy statements, will harm development of the trade. The council has been formed to take a stand against government controls and to safeguard the interests of the industry.

Cement units violate Act

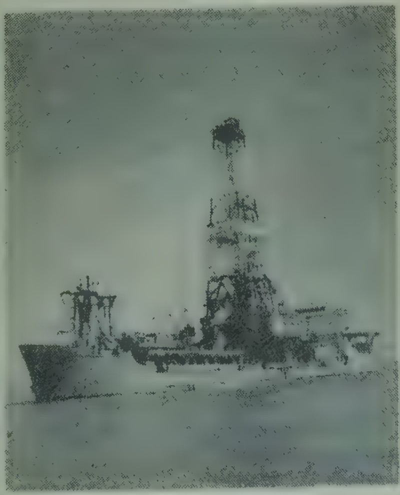
The jute-mill industry is suffering since cement units are reducing their offtake of jute bags, in direct violation of the Jute Packaging Act, 1987. The act had made it compulsory for cement units to pack 70 per cent of their total production in jute bags. However, from an offtake of 20,000 tonnes in 1987, the cement industry reduced the quantity to be packed in jute bags to about 13,000 tonnes in the second half of 1989 — a figure well below the mandatory level. In 1990, till now cement units have packaged only 26 per cent of their production in jute bags. The Indian Jute Mills Association has decided to take the matter to the highest levels of the government, in an effort to solve the single largest problem facing the industry.

US to restrict garment imports

Indian exporters of garments and shoes will be adversely affected if the US Senate passes legislation restricting imports at 1989 levels. The bill, which has the support of 55 out of 100 senators, is being introduced as import penetration is said to have surpassed 90 per cent of the US shoe market and 60 per cent of the textile and apparel markets. The US market accounts for a major chunk of India's apparel exports.

Smaller oil drilling companies hit

A reported government move to abolish the 10 per cent price preference given to Indian companies for use of leased imported equipment in drilling operations, has raised the ire of small drilling companies. Companies like Jindal Drilling and Industry Limited, Aban Lloyd, Afcon Zapatta and others feel that this would give the bigger drilling companies an undue advantage. An earlier price preference of 25 per cent to Indian owned equipment will continue to benefit companies like GEC, Essar and Mahindra & Mahindra who have already acquired equipment.



International prices of drilling equipment have been rising and with an import duty of 30 per cent on such acquisitions, buying equipment can involve investments up to Rs.60 crore, which the upcoming Indian companies feel is unfeasible.

The move to abolish price preference on imported leased equipment came in the wake of allegations that Indian companies were fronts for foreign partners and there was no indigenisation.

Phosphate output declines

Due to a shortage of phosphoric acid, phosphate production for 1989-90 declined by 452,000 tonnes in the country. The production of nitrogen all over the country, however, showed a marginal increase of 38,000 tonnes. In the western region, due to the flooding of the Thal unit, production of nitrogen declined from 388,000 tonnes to 308,000 tonnes.

LABOUR

Millworkers' demands

Over a thousand workers employed by ten textile mills in Tarapur MIDC owing allegiance to the Bombay Labour Union will go on strike from 16 July to press for their demands.

The statement issued by the workers alleges that they are made to work 12 hours per day without overtime. The union had demanded implementation of eight hours' duty. However, when implemented, the employers reduced the workers' wages proportionately. This was objected to by the workers.

In 1989 the union had put forward a charter of demands but to date no settlement has been arrived at. Also, several workers mere allegedly terminated from their jobs for forming unions.

DTC wages

The Union government has told the Supreme Court that it had accepted the fourth Pay Commission's recommendation for the Delhi Transport Corporation employees and would apply it with certain modifications. The transport union council has been given time by the court to file their objections, if any, to the Union government's proposal. A notification of the statement made before the court has already been issued by the government.

दिल्ली परिवहन निगम

Strike deferred

The All-India Bank Officers' Confederation (AIBOC) deferred the one-day industry level strike called by it on 24 July following a meeting with the union finance minister, Madhu Dandavate, recently.

The main issues were staff shortage and pension. R.N. Godbole, general secretary, AIBOC said that the finance minister asked the Indian Banks' Association to resolve the issues through negotiation. In response, IBA has convened a bipartite meeting on 1 August.

PSU officers' stir postponed

The proposed public sector officers' strike scheduled for 11 and 12 July was postponed indefinitely following assurances by the Centre that the dispute pertaining to their pay scales and dearness allowances would be resolved by August end.

A press release from the coordination Committee of the Public Sector Officers' Association said that representatives had met Union finance minister Madhu Dandavate and the minister of state for programme implementation, Bhagey Govardhan, who assured them of a comprehensive settlement of the pay and dearness allowances for PSU officers.

The representatives were also assured that the problem would be resolved through a consultative process and that the Centre would refrain from taking a unilateral decision on the subject.

In addition, the committee decided to postpone the proposed strike on account of appeals made by the Union industry minister, Ajit Singh and chief executives of various PSUs.

DIARY

DATE	SUBJECT	ORGANISER	VENUE
23, 24 July	**Workshop on management control systems**	Madras Management Association 69, Nungambakkam High Road, Madras 600 034 Tel: 478500	Connemara Hotel
23-28 July	**Working capital management**	Institute for Financial Management and Research 30, Kothari Road, Nungambakkam, Madras 600 034 Tel: 473801	IFMR, Madras
23-28 July	**Workshop on quality circles**	Tata Management Training Centre 1, Mangaldas Road, Pune 411 001 Tel: 660141	TMTC, Pune
24-27 July	**Supervisory effectiveness**	Shri Ram Centre for Industrial Relations and Human Resources 4E/16, Jhandewalan Extn, New Delhi 110 055 Tel: 519064	SRC, New Delhi
25-27 July	**Plant maintenance and lubrication**	National Productivity Council Novelty Chambers, Grant Road, Bombay 400 007 Tel: 371322	NPC, Bombay
26-28 July	**Seminar on human resource developments in financial institutions**	Management Development Institute Post Box 60, Mehrauli Road, Gurgaon 122 001 Tel: 22117	Hotel Harsha, Bangalore
31 July-4 August	**Managing projects**	Xavier Institute of Management Bhubaneshwar 751 013 Tel: 52446	Puri

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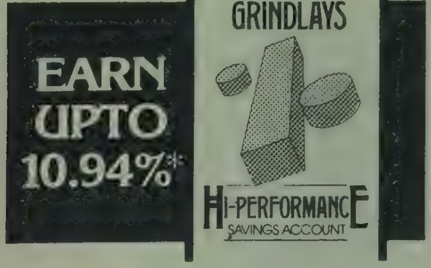

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SPEER 28 192 90

P.P. CHABBRIA

Finolex Cables is among the first cable companies in the private sector to take concrete steps towards the manufacture of optical fibre cables, according to P.P. Chabbria, chairman of the company. Finolex recently signed an MOU with Phillips NV of West Germany to produce fibre optic cables. Details have yet to be finalised but, according to rough estimates, the hi-tech project would involve an outlay of Rs.60 to 70 crore and would go on stream sometime in 1992, subject to government clearances. Demand for optical fibres will be mainly on trunk routes where high capacities are required. As optical fibre cables would replace coaxial cables used for long distances, which are only manufactured by the public sector, it would not affect the demand for jelly-filled cables, which are used within the cities.

R.C. SINHA

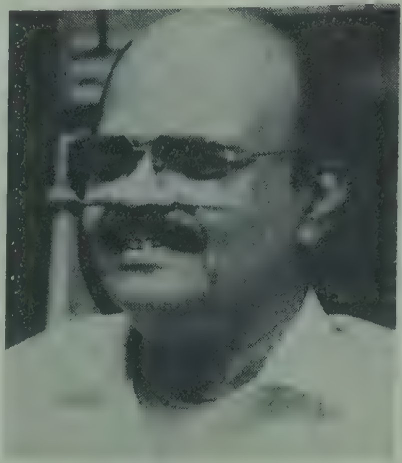
Despite the fact that he joined office only on 21 June, R.C. Sinha, the new managing director of City and Industrial Development Corporation (CIDCO), appears to be already comfortable with his responsibilities. CIDCO's main task is to make Bombay act as a "counter-magnet" by developing townships away from the city which are both residential and commercial and capable of sustaining themselves, says Sinha. CIDCO started with Vashi in New Bombay. "Given various constraints, I think we have done quite well," says Sinha, though not many would agree with him. The MD now has his hands full — Nasik, Aurangabad, Nanded, Sindhudurg, etc, are all on CIDCO's priority list.

SHANKAR GANGULI

His shift from vice-presidentship of international American Express Bank to managing directorship of local Empire Finance Co Ltd (1989 gross income: Rs.10.02 crore) surprised many. But Shankar Ganguli had his reasons: "After some time, certain organisational limitations come in the way of proper utilisation of your professional skills." That, and the fact that Empire is, "fifth among the 50-odd active leasing and finance companies as far as EPS is concerned", made him switch over. Now that he is in the driver's seat, Ganguli plans to steer Empire into increased servicing of the investing public and shifting the company's dependence on income from lease rentals.

K. VASUDEVAN

The Madras-based Autolec Industries Ltd, the largest manufacturers of water and fuel pumps (automobile components) is getting set to implement a Rs.6 crore expansion programme. "We need to expand capacity to cater in greater measure to the export and the replacement markets," observes K. Vasudevan, Autolec's managing director. The company already has a sizeable share of the OE market. The expansion will be implemented at Autolec's Gummudipundi and Velappanchavady plants.



"Implementation of this programme will commence in early 1991, and full production on the expanded capacity will begin in early 1992," says Vasudevan. Autolec, which has grown from a turnover of about Rs.3 crore in 1984-85 to Rs.11.50 crore in 1989-90, plans to touch Rs.30 crore by 1992.

A.M. WADIA

"The task is difficult, but challenging in its own way." That's A.M. Wadia, the newly elected managing director of Loss Prevention Association of India (LPAI) talking about his work. He hopes to expand the organisation by getting experts to find ways and means to prevent major mishaps. With enough room available for growth, Wadia aims to make LPAI a household name and not merely an organisation which people remember when something has already happened.

LPAI co-ordinates with several international organisations, like the Fire Protection Association, which help it gather information about the latest development. Apart from preventing road accidents, fires and other hazards, LPAI is also involved in finding ways to prevent environmental hazards.

J.S. MISRA

He could not have come in at a worse time. J.S. Misra, the new chairman of Karmahom Conference (an association of shipping lines) has not inherited a bed of roses. Overtonnage and non-conference lines competing with the minimum rate agreement (MRA) are creating major problems for the shipping industry. "But non-members cannot go on undercutting rates, if they have to stay in business," feels Misra.

Misra is of the opinion that overtonnage has caused unhealthy competition. "This can be avoided if tonnage expansion is in accordance with growth of cargo." And due to the present inbalance, the power of bargaining has shifted in favour of shippers from shipowners, he adds.

ASHOK RAJANI

The Bombay-based Famous Communication, which has exclusive marketing licence in India for Walt Disney Co, US, has given licences to over a dozen companies to use Walt Disney characters to promote their product. Midas Touch, a marketing company, was recently given exclusive licence to manufacture T-shirts, sweat shirts, jogging suits, track suits and nighties with Walt Disney characters printed on them.

Says Ashok Rajani, managing director of Midas Touch, "Over 60 manufacturing units were closely scrutinised and their financial standing and quality of their garments examined. And we fit the bill." The company markets readymade garments under the Zee Club and Zee Kid brand names.

SUSAN CARTWRIGHT

This is her first visit to India, but, "I have always desired to get a posting in this country," claims Susan Cartwright, the new Canadian consul and trade commissioner in India. Cartwright expects a healthy trade and economic relationship between the two countries. "India is a fast developing country and I look forward to full co-operation and many joint ventures between our countries as we have always shared an easy and successful trade relationship."

This is a short informal visit to India, "to partake of the famous Indian hospitality", besides hobnobbing with dignitaries and doing her homework on the country. She will come back to assume office with its full diplomatic responsibilities in August.

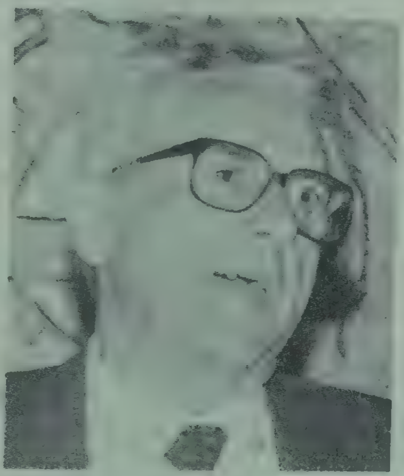
ERIK WULFERS

He would like to visit India more often — for its curry. But this time, Eric Wulfers, the international business manager of Oracle, the US-based software company, was here trying to "understand market conditions". Wulfers, who handles India, central Asia, Africa and Israel for Oracle, came to have discussions with Tata Consultancy Services (TCS), Oracle's agents in India. And he had a lot to look forward to, apart from his favourite curry.

In the last two years, TCS has sold Oracle software to as many as 300 customers. Other than visiting various installed sites, Wulfers also looked into the possibility of having some software developed by TCS for his company.

SAMY OFRI

Israel, according to Samy Ofri, has just discovered Asia. The economic counsellor to the embassy of Israel in Singapore, was on his first visit to India recently, and he met people from trade and industry for future joint ventures in the field of sophisticated technology transfers. "My job is to reduce the ignorance in India about trade opportunities with Israel and vice versa," he says. Ofri feels that agricultural technology, computer software systems and security control systems, are some of the areas where India could benefit from tie ups. With plans for an Indian trade delegation to Israel in the pipeline, India could well be importing Israeli technology in the next few years.



ALLAN GORTON

For Allan Gorton, line manager of the Compagnie Maritime D'Affretement (CMA), the French shipping firm, division between main line and feeder services is just a matter of interpretation. "It is our main line to the Gulf that feeds cargo to the Gulf Asia line," he quips. Gorton was in Bombay to look out for more agents who would develop and consolidate CMA's interests in India.

CMA has not patronised the Jawaharlal Nehru Port despite it having container vessels. "At JNPT we would have had the problem of dealing with less than container loads," he says. According to Gorton, CMA's commitment to India is made in the firm belief that the country offers enormous potential for growth.

S.R. SINGH

Indians who have made a mark internationally often return to their country and wonder why things don't happen here the way they do abroad. S.R. Singh is one of them. Singh, who heads the grain legume improvement programme at the International Institute of Tropical Agriculture in Nigeria, is an accomplished man. He was part of the team which heralded the green revolution in India in the sixties initiating insect resistance research on food crops, with emphasis on sorghum and wheat.

However, his main contribution to agriculture has been development and promotion of soyabean. He rues the fact that the potential of soyabean has not been "exploited in India". Post-harvest technologies are important in the case of soya, says Singh. But he feels there should also be emphasis on producing soya oil, which is presently imported.

200 EMPLOYEES WALK OUT OF BOMBAY OIL.

What's more startling is that all 200 of them are joining a new company called Marico. How did this happen? And why?

Bombay Oil has formed a new company — Marico Industries. And their entire Consumer Products Division of 200 people now works for Marico.

Mr. Mariwala, one of the board members, clarified an important issue. "Marico is a wholly owned 100% subsidiary of Bombay Oil. The Board of Directors for both remains the same."

Why is a totally new company being formed? "The idea is to give a new thrust to the consumer products business. As a company, Marico will have greater autonomy than before. So it can independently make business decisions."

Mr. Arun Kaul, the ex-Marketing Manager of Bombay Oil, now the Marketing Manager of Marico, was jubilant: "This is a great way to start a new company! With brands that are already leaders — Saffola and Parachute. Saffola is known for the marketing history it made with its 'good-for-the-heart' safflower (kardi) oil. The other brand, Parachute, has breakthroughs to its credit too. It's the first strong brand in what was till recently a commodity market. And it enjoys a strong consumer franchise."

'A deliberate, planned move,' says insider.

Another advantage Marico has is the readymade strengths of its parent company. Like the distribution network of 2 lakh retail outlets and 1200 distributors. Financially, it is as good as any blue chip company. It has a turnover of nearly Rs. 100 crores. Sales have grown at 25% per annum over the last 4 years (compounded growth rate).

What are Marico's future plans? Mr. Mariwala admitted a lot of changes were in the offing. "We've just acquired additional manufacturing facilities. We're opening an R & D centre in Bombay for product and packaging development. Launching Sweekar Refined Sunflower Oil nationally. And moving to an office in a new location in Bombay!

"An entire line of activity will get more prominence now: new products. Within the next year, we will be introducing two new products." Mr. Mariwala was tight-lipped about Marico's new product plans. "It's likely to be in the range of consumer goods," he said, and laughed.

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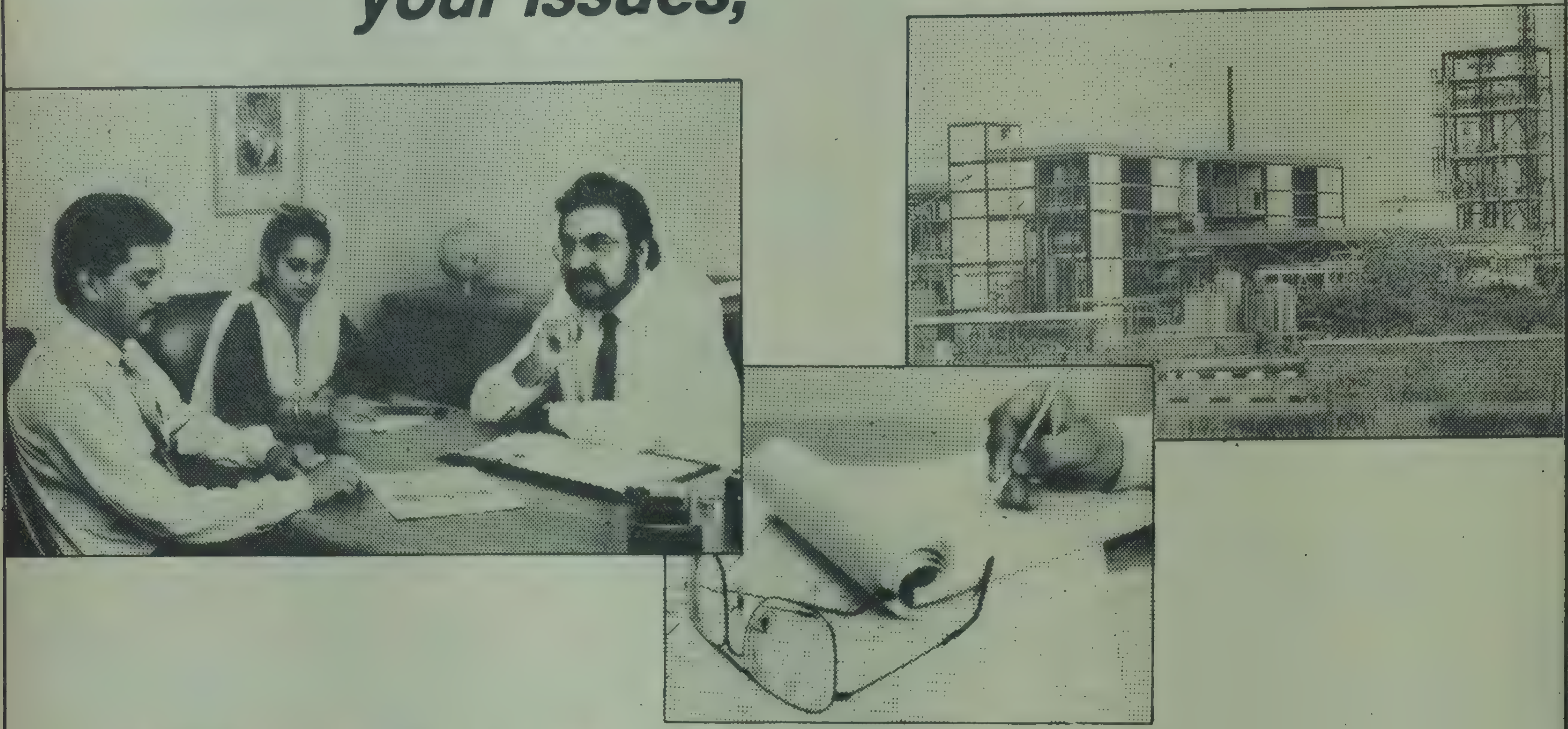

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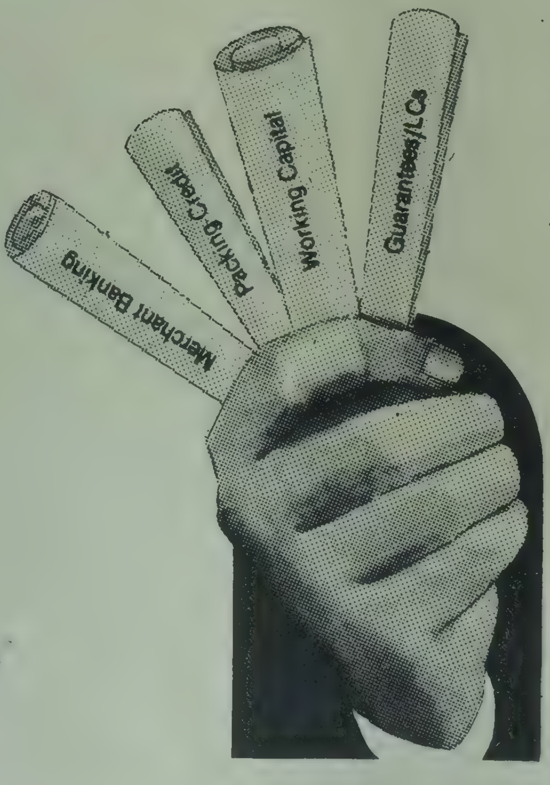

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CFC AGREEMENT

Industry reacts

Well past midnight on 29 June, Maneka Gandhi, leader of the Indian delegation declared at an international conference in London: "Many of our concerns have been met and our delegation will recommend to the cabinet that India sign the protocol as soon as possible." Public concern over the increasing use of chlorofluorocarbons (CFCs), known to destroy the stratosphere's protective ozone layer, had led to a conference in Montreal in September 1987, known as the Montreal protocol, wherein it had been decided that such chemicals would be phased out by 2000 AD.

The ozone layer prevents entry of ultraviolet rays which cause skin cancer, cataract of the eye, crop diseases etc and are partly responsible for the greenhouse effect, or warming of the earth. The London conference, lasting three days and attended by 88 nations, was a follow-up to the Montreal one.

Environment fund. Indian "concerns" were mainly twofold: the assurance of the transfer of substitute technology and adequate monetary compensation for phasing out the manufacture of CFC from the country. (CFC is used mainly as coolants, blowing agents for making foam, cleaning fluids and as propellants.)

One of the important fallouts of the London conference was the proposal to set up a $240 million global environment fund to phase out CFCs. The US has agreed to contribute $60 million, Britain $15 million and West Germany $24 million. The fund will be utilised to convert factories producing CFCs into those manufacturing ozone-friendly chemicals, training people and for carrying out studies to identify the needs of developed countries. Of this fund, India will get the largest chunk — $40 million — over the next three years. The money will be given in the form of technology transfer, equipment or expertise. "If funds and technology are not forthcoming we will not be able to review the obligations of the protocol and India will not be able to stop making CFCs," Gandhi said at the end of the London conference.

Since it involves high technology, there are only five local manufacturers of this chemical compound — Navin Fluorine Industries, Sri Ram Fibres, Aegis Chemical Industries Ltd, Chemplast and Gujarat Heavy Chemicals. But users are numerous — refrigerator and airconditioner manufacturers, cold storages, plastic manufacturers, etc. India's decision to sign the Montreal protocol, therefore, has created ripples among CFC manufacturers as well as its users.

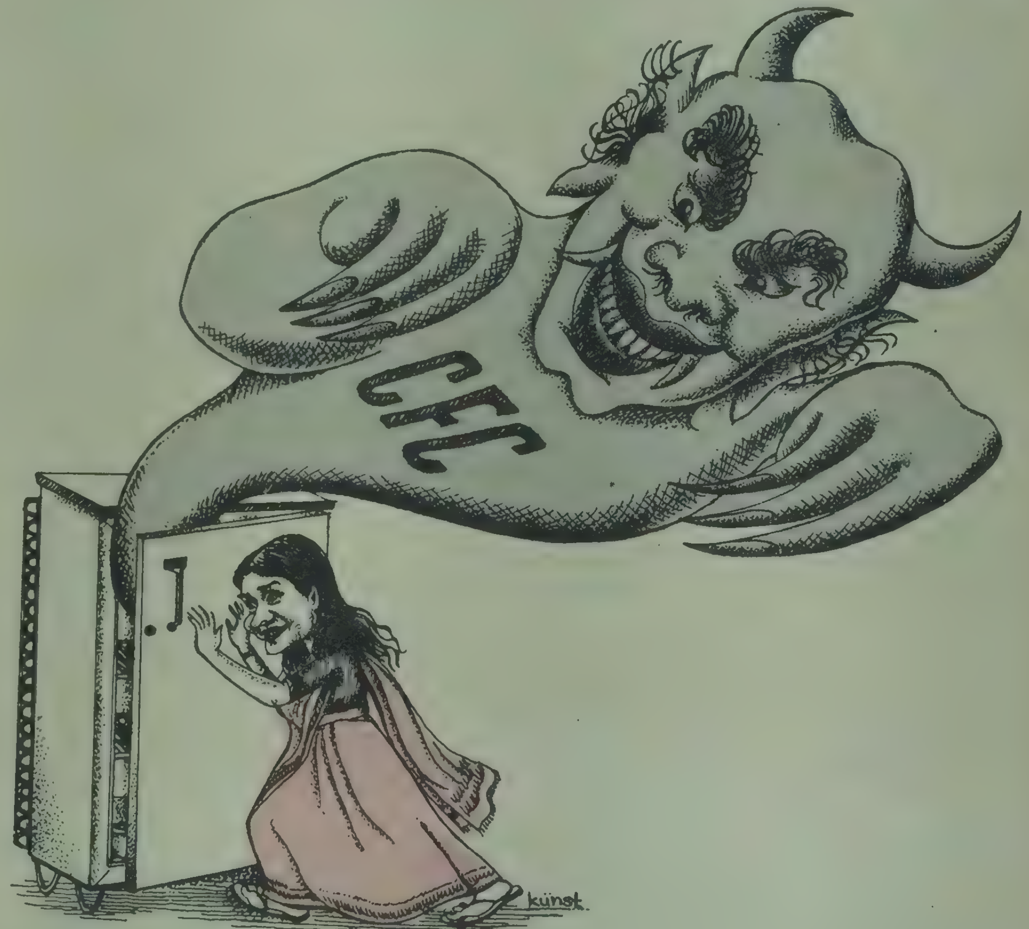
"Maneka Gandhi's honorable intentions can never be doubted but it is also a known fact that a good cause is being exploited by the commercial sharks of developed countries," declares B.C. Gosalia, executive vice president, Navin Fluorine. Gosalia is convinced that, once a fully commercial substitute technology is developed, companies like Du Pont and ICI, which between them produce 70 per cent of the world's CFC, will sell it to India and other developing countries only for a stiff fee and not transfer it free as is generally believed.

The entire CFC production commands a $2 billion market worldwide. The US consumes about 30 per cent of the global CFC. Other important consumers are the EEC countries (30 per cent) Japan (12 per cent) and Russia (8 per cent).

A non-issue. Ravi Sinha, president, chemical business group, of Sri Ram Fibres' chemicals division is of the opinion that the onus of phasing out CFC production should lie on the developed countries and not on developing ones like India. "As far as the CFC debate is concerned, India is a non-issue," declares Sinha, who also attended the London conference.

He has a point. The per capita consumption of CFC in India is 0.003 kg per annum. This seems minuscule when compared to 1.7 kg in the US. "We have been forced into a situation over which we have no control," says Sunil Tandon of Navin Fluorine. Between them, the five manufacturers produce 7,000 tonnes of CFC per annum. While Navin Fluorine is the leader with a market share of 35 per cent, SRF comes second with 20 per cent of the market. Eighty per cent of the total CFC production is taken up by refrigeration and air-conditioning, 10 per cent goes for aerosol cans (after-shaves, gas lighters, perfumes, etc), another five per cent for foam blowing and the remaining five per cent towards miscellaneous uses. The demand for CFC is growing rapidly and if suitable substitutes are not found, Indian use of CFCs is expected to touch 20,000 tonnes in 1996 and 45,000 tonnes in 2010.

What is displeasing Indian business houses is the fact that many of these industries, like the manufacture of refrigerators, have taken off only in the last four years and to ask their manufacturers



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SHOW-CASING INDUSTRIAL CAPABILITIES FROM INDIA & ABROAD

to shift to a new technology would be definitely unfair. "The ozone layer tragedy has been created by western countries but Indian consumers will have to pay the price," warns Gosalia.

But according to a study conducted by the government of India, it could cost up to Rs.2,500 crore for the country to phase out the use of CFCs. This calculation excludes technology transfer costs, foreign exchange implications and the possible effect on employment. Of the Rs.2,500 crore, Rs.1,500 crore will be taken up for redesigning the plants to produce CFC substitutes. The remaining amount will cover recurring expenditure to keep these plants on stream for ten years.

Too premature. It would mean that India would have to abandon the use of CFC in aerosols by 1997 and then progressively reduce its consumption by 2010 (as part of the Montreal protocol, developing countries have been allowed a grace time of 10 years over the developed ones). While Gosalia claims that switching over to a new technology would cost a company like Navin Fluorine anything in the region of Rs.50 crore, Sinha feels that it is too premature to arrive at any figure since the modalities of a possible technology have still not been worked out nor has the commercial use of any substitute been perfected.

Most of the alternatives developed so far, however, have failed to click because they do not have CFC's unique properties: low permeation rate which means they do not leak out of foam; low viscosity and hence good use as cleaning agents since they can wet even tiny spaces easily; and their non-toxicity and non-flammability. Research carried out at the Massachussetts Biological Institute has led to a possible substitute — CFC 123. A compound with a relatively short life span of 18 months, CFC 123 breaks down on reacting with hydroxyl in the toposphere. But the most promising development so far is hydrochlorofluorocarbon (HCFC), which is being used as a substitute for CFC-113, whose main use is for cleaning electronic circuits and which accounts for one-fifth of the market for CFCs. Developed by the American Du Pont, the company estimates that the new compound is only one-tenth as destructive as CFC-113.

Perhaps inspired by the research going on abroad or perhaps as a result of genuine concern at the depleting ozone layer, even Indian companies claim to be thinking about substitution. At Godrej & Boyce, one of the largest manufacturers of refrigerators, attempts are being made to reduce the levels of CFC used in polyurethane surfaces in the interiors of the refrigerators. "We have plans to go down by 50 per cent of the CFC being used at present and then switch over to water-blown technology," says a Godrej engineer. And Gosalia claims that Navin Fluorine has been carrying out independent research in this direction for the last one and half years.

The reason why more Indian companies have not ventured into this is perhaps that for countries like India day-to-day problems are given more importance than environmental issues. Nevertheless, as Maneka Gandhi's pragmatic posture at the London conference showed, even India's planners are concerned about this one particular issue which affects humanity at large.

■ RAJU BIST

KONKAN RAILWAY

Waiting for the moolah

The ambitious Rs.1,200-crore, 843-km Konkan railway project is to serve as a litmus test for further privatisation and decentralisation of major development activity. For the first time, states will share the financial responsibility for railway projects they benefit from, through a 49 per cent stake in the Rs.250-crore equity of a new corporation set up for the project.

The new company, Konkan Railway Corporation (KRC), is to raise money, award contracts and monitor the project. The general public will also be involved as the corporation proposes to raise resources through tax-free bonds. The rest of the money is to be lent by the financial institutions. The corporation will be similar in some ways to the semi-autonomous IRCON, which too will take part in the construction work.

Significant impact. The direct benefit of this project will go to Goa (contribution: Rs.15 crore) which will at last be on the rail map. Of course, it will have a significant impact on the economy of the other three states — Maharashtra (Rs.55 crore), Karnataka (Rs.35 crore) and Kerala (Rs.15 crore). Industrial activity will definitely increase and employment will be generated on a large scale through the project and because of it.

Several major projects nearing completion will also benefit. The soon-to-be completed petrochemical complex in Ratnagiri, the nuclear power plant at Kaiga in Uttar Kannada, naval base at Karvar, Hindustan Petroleum refinery near Mangalore, several hydro-electric plants, and a super-thermal power plant all offer large cargo potential to the new railway.

It took three men from the Konkan region — George Fernandes, R.K. Hegde, and Madhu Dandavate — to occupy key positions and get the project underway. Danadavate has an added interest in the project. He took part in the liberation struggle of Goa against Portugal and first initiated the project 10 years ago. The earlier confrontation between the environment and railways ministry over this project and its likely environmental impact has been resolved, thanks to the personal involvement of Dandavate, whose will ultimately prevailed.

To meet the deadline, work will begin on the line after the monsoon, simultaneously from 12 points between Roha near Bombay and Mangalore in Karnataka. The schedule will be northwards from Mangalore, southwards from Roha and north and southwards from Ratnagiri, Kudal, Pamajari, Karvar and Udupi. There will be 68 stations on the line, 146 big bridges, 1,359 minor bridges and 73 tunnels. While Maharashtra will have 423 km of the line, 285 km will be in Karnataka and 129 km in Goa. For Kerala, there will finally be a rail link between Trivandrum and Bombay.

Maharashtra chief minister Sharad Pawar has already agreed to give land for the working headquarters of the corporation in Bombay, though the formal headquarters will be in Delhi.

Euphoria premature. However, the euphoria over KRC is a little premature since the railways have yet to raise 51 per cent of Rs.250-crore equity and the states have yet to mobilise their share towards equity. The balance capital requirement is to be raised by floating debentures and placements backed by the institutions and guaranteed by the government. To ensure that outside borrowings are repaid with interest the corporation will operate the line for 15 years or more till the loans are liquidated. Interest will be paid at 9 per cent every year and the capital will be repaid in one instalment at the end of ten years, excluding the year in which the money was borrowed.

With the resource crunch confronting

the government, it could well be an example worth emulating for other ministries. Railway minister George Fernandes wants the Tamil Nadu government to become a partner in a similar corporation for pending projects under Southern Railways. It is also being mooted that such corporations be set up for urban transport networks like the Mass Rapid Transit System for Madras and local trains for Bangalore, Hyderabad and Pune. Finance ministry sources reveal that public and state participation in development will not be limited to railways if the west coast project is successful, but will be extended to highways, power, housing and airways too.

Until the money is raised, however, the railway ministry is keeping its fingers crossed. Ajay Singh, deputy minister for railways, is sure the project will be completed in time. "One of the major reasons for delay in public sector projects is lack of adequate finance. This we have ensured by raising most of the money from outside. If this is successful, we could go in for further public involvement in development work."

■ RUCHIRA GUPTA

HOPS

A beer necessity

One of the fallouts of the continuing instability in Jammu and Kashmir directly affects the beer industry. Cultivation of hops — a tall, perennial vine whose female cones are the vital flavouring agent for beer — has come to a standstill, and breweries are viewing the situation with increasing alarm.

Around 300 million litres of beer are guzzled annually in India. Every year, the Rs.500-crore industry needs 300 tonnes of hops, costing approximately Rs.10 crore. Though the quantity of hops needed is small, compared to the amount of beer produced, without it beer production will effectively stop. As Zeenia Lawyer, partner, Associated Breweries and Distilleries, puts it, "No hops, no beer."

Ideal conditions. A decade ago, Jammu and Kashmir was identified as the most ideal state in the country for hops cultivation. The state's climate was closest to growing conditions in Germany, USA and England, the largest growers of hops. The vine was then cultivated by farmers using the expertise of the breweries and according to their specifications. Some breweries bought hops from processors, to whom farmers supplied raw hops. The processors then dried it and sold it to the breweries. Till militancy broke out in the valley, Kashmir supplied nearly 250 tonnes annually.

One of the main reasons for the shortage is that fundamentalists in the valley have reportedly issued fiats against the cultivation of hops and burned down farms that had already sown the crop. Besides, the processors are seen as unscrupulous middlemen by the farmers. The processors, who charge breweries a high price for hops, don't pay the farmers well in turn. Breweries, in the meanwhile, have stocked up on hops — some could till the year-end while others may exhaust their hops in August — in order to delay the crunch.

However, unless hops can be bought from another source, the industry will face severe setbacks. "Who knows what beer will taste like without hops," says S. Subramaniam, assistant vice-president, Shaw Wallace and Company Ltd, of which Skol Breweries is an associate firm.

The All-India Breweries Association has requested the government to allow 100 per cent import of hops. In response, the Directorate General of Technical Development is likely to recommend that the government allow imports of up to 50 per cent of the industry's requirement. But even this will be grossly inadequate; breweries that produce beyond their licensed capacity will of course suffer most.

Beer bottles: production threatened

High revenue earner. With hops in tight supply, brewers will be forced to use less if they produce beer at maximum plant capacity. Quality, then, is bound to suffer, as manufacturers point out. If, on the other hand, they cut back their production of beer in proportion to the availability of hops, volumes will plunge and the price of a bottle of lager will shoot up — if the breweries are to break even. Subramaniam, however, doesn't think the situation will come to such a grim pass. He believes that the government will allow more imports as beer is a high revenue earner for the exchequer.

If the government's reasoning follows Subramaniam's, the decision to import must be taken immediately. Sowing has already begun in countries cultivating hops and orders must be placed early. And with even the international beer industry under pressure, quick action has become doubly important. Beer manufacturers predict a smaller world wide harvest this year, which will drive hops prices up. According to R.J. Mansukhani, commercial manager, Hindustan Breweries and Bottling Ltd, "Prices are soaring internationally and unless import licences are given immediately, we will have to pay higher prices." Eventually, of course, it is the consumer who will have to bear the increased cost.

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out a long-term government policy on hops, breweries will be in dire straits in the future. As the cost of hops is small compared to the size of the industry, Mansukhani sees no reason why the industry's entire requirement of hops cannot be imported. And, of course, imported hops will mean that Indian beer will taste better.

Meanwhile, breweries are taking steps to safeguard themselves against hops shortage in the future. Locations with similar climatic conditions outside Jammu and Kashmir are being studied — Himachal Pradesh seems a likely option. Though hops cultivated there do not blend well enough to make good quality beer, efforts are being made to grow better vines. Breweries certainly don't want to put all their hops in one basket again.

■ GEORGE ALBERT

LOCAL TAXES

A victory for consumers

Of the many ways in which unscrupulous retailers have managed to squeeze that little extra out of consumers has been the ubiquitous 'local taxes extra' label on the products they sell. In order to avoid having to calculate the local tax applicable at each town and city, manufacturers have left it to retailers to work out and add this tax. As a result, consumers often pay arbitrary prices, varying sometimes even within the same locality.

Giving hope. For many years now, consumer guidance organisations have fought for stronger legislation on this count, having intensified their efforts over the last couple of years. Finally, on 25 May, the ministry of food and civil supplies issued a notification which gives hope that henceforth retail prices will be more strictly administered.

According to the notification, all packaged commodities will now carry labels declaring the "maximum retail price, (inclusive of all taxes)". In doing this, the government has done away with the earlier option of "maximum price, local taxes extra" or just "maximum retail price".

Under the Packaged Commodity Rules, with the retailer left to calculate and add the local taxes, the government had stipulated that he must display a board in his establishment, showing the local taxes in force. But, as is common knowledge, in practice this was more the exception than the rule.

Retailers get away with this mainly because of ignorance — and equally often an unwillingness to take the trouble of finding out — on the part of the consumer. For example, very few consumers are aware of the rule about the board declaring the local taxes. But now, with growing consumer awareness and with proper implementation of the notification, things could change very soon.

Needless to say, implementation of the notification is not going to be easy, notwithstanding the six months allowed by government for the change over. The main stumbling block is going to be the standardisation of taxes in different states. A solution has been mooted in the form of a weighted average in calculating a tax applicable nationwide.

No more exploitation by retailers

The only way. Samuil Haque, director of Standard of Weights and Measures, government of India agrees that "the principle of weighted average is probably the only way to calculate the maximum retail price". This will be done in much the same manner as the manufacturer builds diverse freight rates into the maximum price at a weighted average for products that are sold at varying distances from his place of manufacture.

There is, however, a problem here in that a tax applicable throughout the country may only suit some states. To solve this, Jagdeep Kapoor, general manager of Parle Agro, suggests that the tax should be calculated and added for every state. In that case, the label would declare, for instance, the "maximum retail price, inclusive of Maharashtra state tax". Parle Biscuits, in fact, has been following this option for some time now.

Kapoor, however, welcomes the notification. So do senior executives at Kwality and Indodan. Says Rakesh Vashist of Indodan, "Only the manufacturers have to work harder now. Exploitation by retailers will stop."

Of course, no amendment is favourable to all parties, and there are those who disagree. A senior executive of Milkfood, who requests anonymity, feels that this will be a nuisance.

Haque points out that the amendment has also attracted much criticism from retailers as their margins are being threatened. But surprisingly, not all retailers are unhappy. One retailer in Chanakyapuri in Delhi dealing in packaged products is, in fact, very happy with it. "At least now the headache is gone. We had to tediously work out the local tax on every product before putting it on the shelf," he says. "Now we can sell it straight to the consumer." This view is shared by several other retailers in and around Delhi.

H.D. Shourie, Director of Common Cause, a registered organisation for venting common problems of the people, is pleased with the new scheme of things. As far as he is concerned this is a fair beginning, but promises that "there is more to follow". "With growing consumerism," he says, "it won't be long before consumer safeguards will precede manufacturers' interests."

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GENELEC

Caught in a cross-fire

When Manu Chhabria stepped down from the board of Genelec, he placed the blame squarely on the banks and the Board for Industrial & Financial Reconstruction. Chhabria's ungraceful exit was in direct contrast with the enthusiasm he showed when he entered the company in December 1988 (see *Business India*, 9 January 1989).

The story goes back to the time when Shaw Wallace bought a 24.89 per cent stake in the company from General Electric Ltd. Genelec was essentially engaged in the trading and manufacture of lighting fixtures, lamps and tubes and the manufacture of sodium vapour lamps besides undertaking projects for electrification.

Sharp reactions. The company had shown a marginal profit of Rs.1.5 crore for the year ended 31 March 1989. But when the Chhabrias got auditor Bansi Mehta to examine the accounts, it was stated that in their estimation the 'profit' was actually a loss of Rs.10.28 crore. The reason — prudent accounting practices had led to an illusion of the company's finances.

This appraisal of accounts set off sharp reactions from the General Electric directors still on the board. They held that Bansi Mehta was an interested party because he was a director on the board of Shaw Wallace. Thereafter several directors resigned. The Chhabrias in turn, filed cases against the former directors but more chaos was to follow. The 1988-89 balance sheet showed a loss of Rs.10.32 crore. In effect, the company suffered a total loss of Rs.20.62 crore against an equity capital of Rs.2.15 crore and surplus of Rs.7.55 crore.

The Chhabrias proposed a rehabilitation package of Rs.8 crore and also referred the case to the BIFR. Unfortunately, BIFR refused to accept Genelec as a sick company. The banks also wanted Chhabria to offer additional guarantees. for amounts outstanding to them as they considered the Chhabrias the promoters of the company.

Why us? "Were we there when the company actually made losses?" asks Kishore Chhabria, "why don't the banks ask General Electric for guarantees?" (The latter still hold 7 per cent in the company.) Chhabria is also bitter about the BIFR chairman, R. Ganapathi's attitude. The letters which Ganapathi wrote to the finance minister, Dandavate (which were subsequently published in the press) referred to Genelec as a sick company. Yet his subsequent refusal to accept the company's contention that it was sick was therefore suspect. In spite of several attempts, *Business India* was not able to record Ganapathi's response on the subject.

What the Chhabrias are upset about is that BIFR and the Reserve Bank are following different and mutually exclusive methods for appraising companies. While the BIFR wants each company to be treated individually, the Reserve Bank is insistent on treating the finances of all Chhabria companies as a group. In the cross-fire, it is companies like Genelec and others who lent to them will finally suffer.

■ EAPEN THOMAS

INDODAN

Eternal optimism

"I am unemployed when I am not dreaming of a new project," says Hari Shanker Jalan. Hence the chairman of the Rs.250-crore Indodan group, who took on the multinationals with his instant coffee (see *Business India*, 3 April 1989) is on a dreaming spree these days. He has envisioned various projects covering nearly the entire gamut of Indian business.

But will Jalan actually be able to realise any of these dreams, considering the problems he has been having with the projects he has already spawned? For example, Gold Cafe, his much-publicised instant coffee, has suffered a 50 per cent drop in sales over the last one year. Jalan blames the slump on an INS-imposed ban on the brand's advertising — the result of a disputed payment to Indodan's erstwhile advertising agency, Clarion. Competitors, however, are quick to point out that the drastic fall in Gold Cafe's sales came about because the company withdrew its free gifts scheme.

Big plans. Nevertheless, in spite of his past failures, Jalan is keen to go ahead with other new projects. On the anvil is a 100 per cent EOU for making instant coffee for the export market. The chairman also has big plans to increase the production of Indana spices and pickles, whose production levels at present are 150 and 250 tpa, respectively.

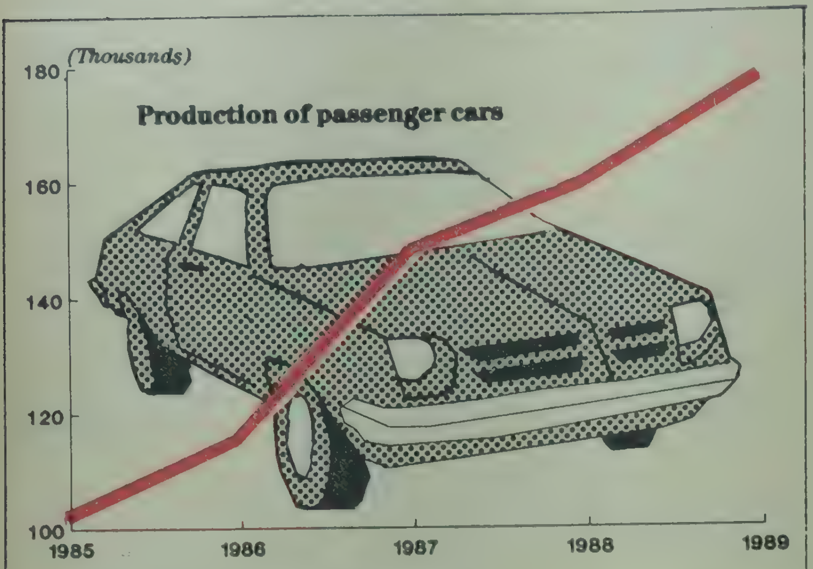
In non-food areas, there is a proposal to construct a plant to manufacture ceramic tiles, sanitary ware and tableware. The plant is supposed to produce an aggregate of 30,000 tonnes of these items annually and will cost Rs.40 crore. Jalan refutes the general belief that his project has incurred cost overruns: "Eighty per cent of the civil work is complete and orders have been placed for the equipment. The plant should start operating by March 1991."

All this while, the Indodan group has financed its new projects through internal accruals and loan financing. But now, with the cost of the new projects expected to cross the Rs.1,000 crore mark, there is no way Jalan can avoid tapping public funds. "At least for the three larger projects — ceramics, hotels and tyres — we will offer equity to the public," says Rakesh Vasishth, Jalan's son-in-law and heir apparent.

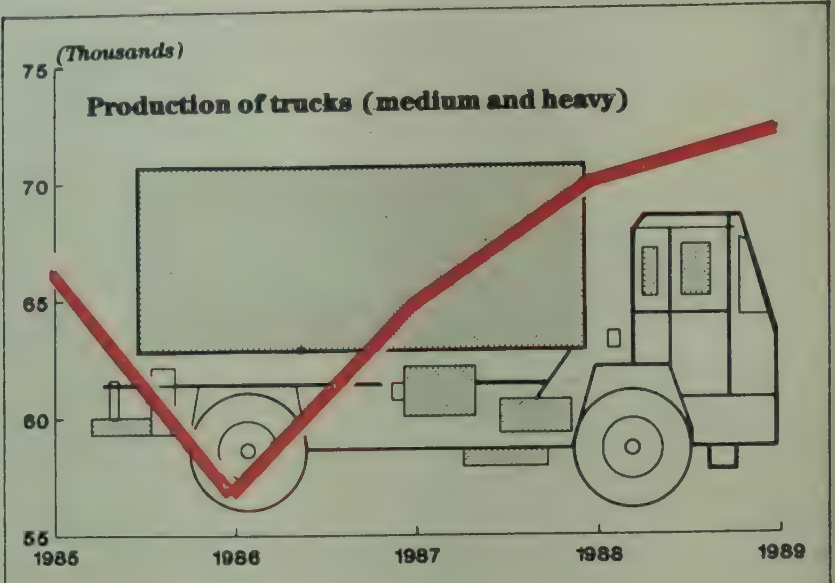
Vasishth shares his father-in-law's grandiose plans and is confident that they will materialise. But only time will tell if the two really have the capacity to make it big.

■ FEROZ AHMED

ECONOMIC INDICES



The production of passenger cars has taken off since the advent of the Maruti. Production in 1983 was only 45,000 vehicles, but in just six years it has increased nearly four-fold to 177,190 vehicles. Maruti accounts for nearly 55 per cent of total production. With long standing demands being generally satisfied, the growth prospects for the coming years is limited.



The production of trucks which declined in 1986 (by 14 per cent), has risen steadily in the next three years. Of the three main producers, Telco, Ashok Leyland and Hindustan Motors, the first accounts for nearly 70 per cent of the total production. Recently, there has been quicker growth in the light commercial vehicles market.

Wholesale price index: The all-commodities index is up by 1.38 per cent in the month to 23 June 1990. In primary articles, oilseeds was up by a hefty 32.5 per cent on a year-to-year basis. The index for manufactured products has been relatively steady, with the exception of metal products, cigarettes and edible oils.

(1980-81 = 100)

	23 June '90	26 May '90	24 June '89	% change over month	year
All commodities	176.8	174.4	162.0	1.38	8.87
Primary articles	179.6	175.1	162.0	2.57	10.86
Manufactured products	177.3	175.1	163.9	0.91	8.18

Money and banking (Scheduled commercial banks): Broadmoney (M3) was up by Rs.726 crore the lowest increase in a long time. Bank credit has continued to decline in accordance with government policy. Food credit on the other hand has increased further by 13.3 per cent to assist in the procurement of foodgrains.

(Rs. crore)

	29 June '90	25 May '90	30 June '89	% change over month	year
Broadmoney (M3)	2,38,092*	2,37,428†	3,02,400‡	0.31	17.63
Aggregate deposits	1,71,648	1,70,428	1,47,859	0.72	16.09
Bank credit	1,03,837	1,04,409	89,080	0.55	16.57
Food credit	3,917	3,458	1,659	13.27	136.11
Credit/Deposit ratio	60.49	61.26	60.25	− 1.26	0.40

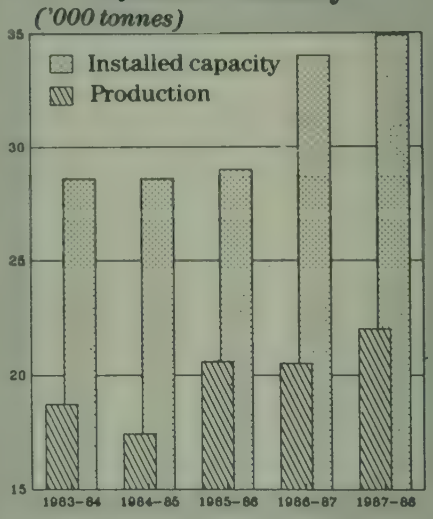
**15 June 1990 † 18 May 1990 ‡ 16 June 1989*

Bullion prices and stock market index: The price of gold and silver has been steady over the last few weeks. On the other hand, the Bombay Stock Exchange index shot up by 17.1 per cent to a record 920 on expectations of a good corporate performance in the coming year.

	14 July '90	16 June '90	14 July '89	% change over month	year
Gold (Bombay)	3,300	3,320	3,070	− 0.6	7.4
Silver (Bombay)	6,776	6,815	6,687	− 0.57	1.33
BSE (Index) (1978-79 = 100)	920.24	785.75	765.20	17.12	20.26

(Price of gold in rupees per 10 gms and silver in rupees per kg)

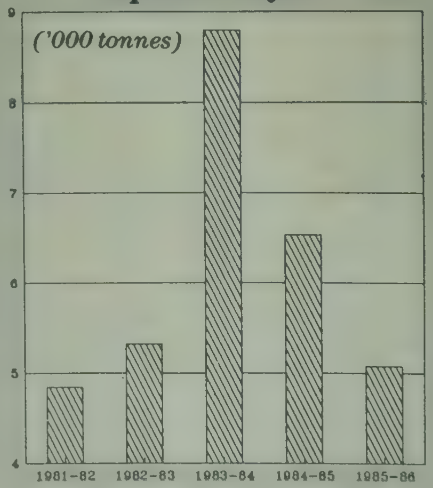
Dyestuff industry



The dyestuff industry has grown from total dependence on imports in the forties to near total self sufficiency today. Production is scattered over more than 900 units of varying sizes and the industry employs over 100,000 persons. Capital investment in this industry was Rs.380 crore in 1987. It has been identified as a thrust area for exports.

From an installed capacity of just 7,800 tonnes in 1960-61, production has increased to nearly 35,000 tonnes in 1987-88, a rise of 450 per cent in 27 years.

Exports of dyes



India exports dyes to more than 30 countries in the world. From an export of just 16 tonnes valued at Rs.1.3 lakh in 1960-61, export of dyestuff has reached Rs.400 crore in 1988-89. The year 1983-84 was especially good as exports reached an all time high of 8,795 tonnes. Since then, however, exports have declined.

The major export markets are the USSR, the UK, America, Netherlands, Japan and West Germany. The scope for increasing Indian exports is quite high because India accounts for less than 1 per cent of world exports.

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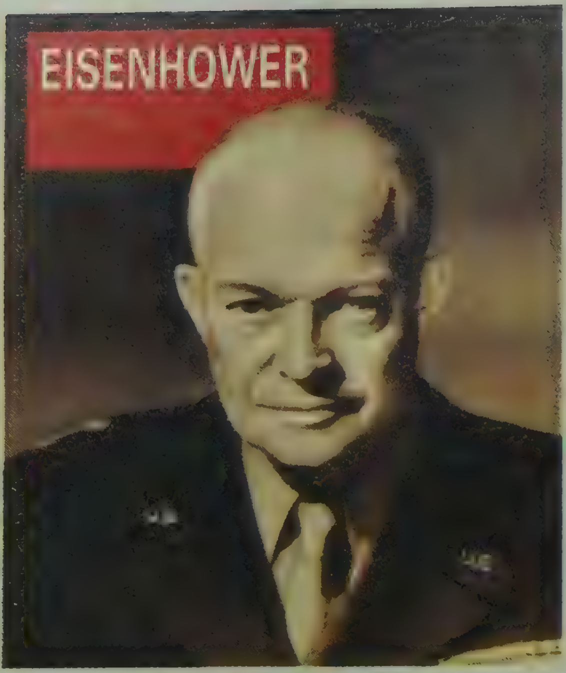
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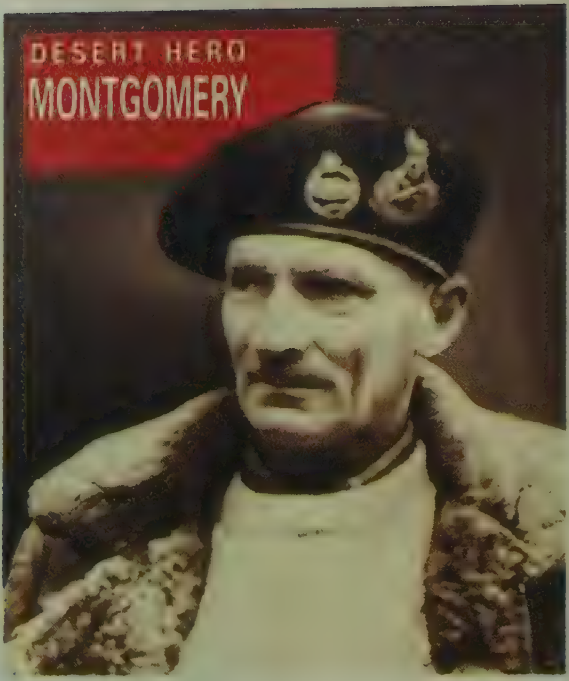
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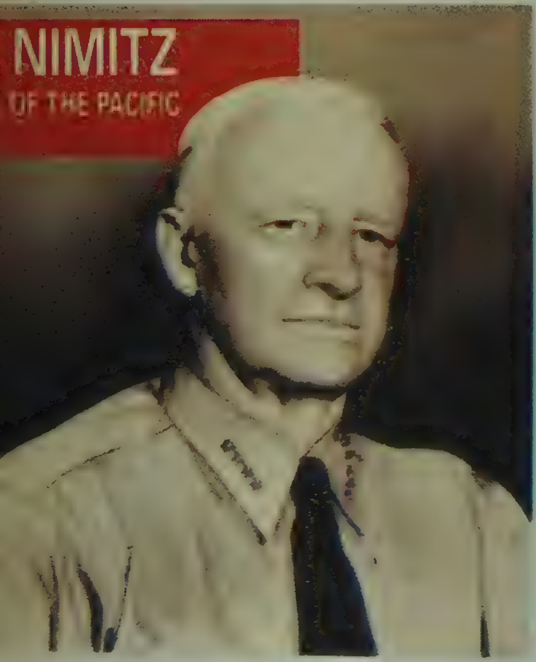
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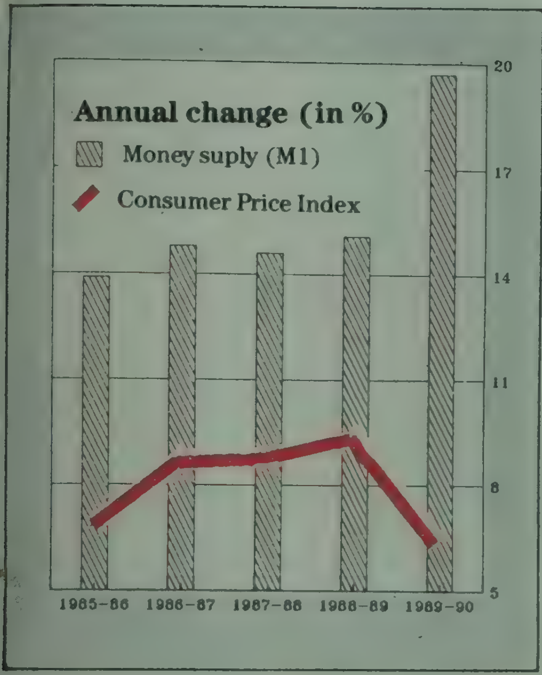
OBM/3612/Rev

Double digit inflation fears



The stockmarket index is a fairly reliable barometer of the general economic scene; and the current boom is an indication of better days to come.

The Economic Outlook prepared by the Centre for Monitoring Indian Economy (CMIE) is optimistic and predicts that both industrial and agricultural growth will be maintained, despite increasing pressure on prices and balance of payments.

Foodgrain production touched a new peak of 173 million tonnes in 1989-90, as against 170.3 million tonnes the previous year. This year, with the advent of a good monsoon, it should cross 176 million tonnes. The Eighth Plan has rightly placed emphasis on a more rapid growth in agriculture. In fact the target is to boost the growth rate to 6 per cent per annum from the current 3 to 4 per cent.

Power prospects brighten

With rapid urbanisation, industrial growth is gaining in importance. Power, or the lack of it, has been the bane of Indian industry. However, during 1989-90 overall power generation at 245 billion units was up by 10.9 per cent. The average plant load factor (PLF) was marginally up — 56.4 per cent from 55 per cent in 1988-89. But the average PLF in state electricity boards is still very low and there is much scope for improvement. In 1990-91, power generation is expected to increase by 10.7 per cent. The outlook for power, for the first time in many years, is bright, because of the government decision to allow private sector companies to set up power plants.

The other major constraint to industrial development was a restricted industrial policy. Liberalisation measures initiated in the mid-eighties along with the new industrial policy should go a long way in boosting growth. The Economic Outlook points out that industrial production during 1989-90 increased by 8.3 per cent, which is much higher than anticipated. Manufacturing, which has a weight of 77.11 per cent, grew at an annual rate of 8.7 per cent. Among the manufacturing industries, the electrical machinery sector has recorded an impressive growth of 20 per cent, followed by chemicals and chemical products (15 per cent). The Outlook is optimistic about the continuation of the robust growth of the industrial sector in 1990-91.

On the trade front, despite a significant increase in exports, the trade deficit in 1989-90 (Rs.7,731 crore) is only marginally lower than last year's. The BOP position continues to be precarious. As most employed people are in the unorganised sector, the need to contain inflation is very important. There is now enough evidence to show that there is rapid growth in money supply hikes prices if there is not a commensurate increase in production. Excess money supply is meant mainly to finance government expenditure over and above its revenue, commonly known as government deficit. If this deficit is financed by the Reserve Bank, it is highly inflationary.

While real national income during the Seventh Plan period has been increasing at an average rate of 5.5 per cent per annum, outstanding bank credit to the government and the commercial sector (public sector companies and priority sectors) has been increasing by 19 and 16 per cent respectively.

Pressure on prices

Much of the increase in government expenditure has been on non-plan categories such as subsidies and defence and not wealth producing activities, thereby putting pressure on prices: a situation commonly known as demand-pull inflation. In 1989-90 outstanding bank credit to the government and the commercial sector was up by 20.4 and 17 per cent respectively.

However, the government is taking steps to curtail expenditure by at least 10 per cent. The Reserve Bank's credit policy is to bring about a sharp reduction in the overall monetary expansion (M3) in 1990-91 from the peak of 19.4 per cent in 1989-90.

Nevertheless, in view of the sharp increase in money supply in 1989-90, the hike in the retail prices of petroleum products, the jacking up of the procurement prices of wheat and rice, and railway freight rates, the price increase this year could well be in double figures.

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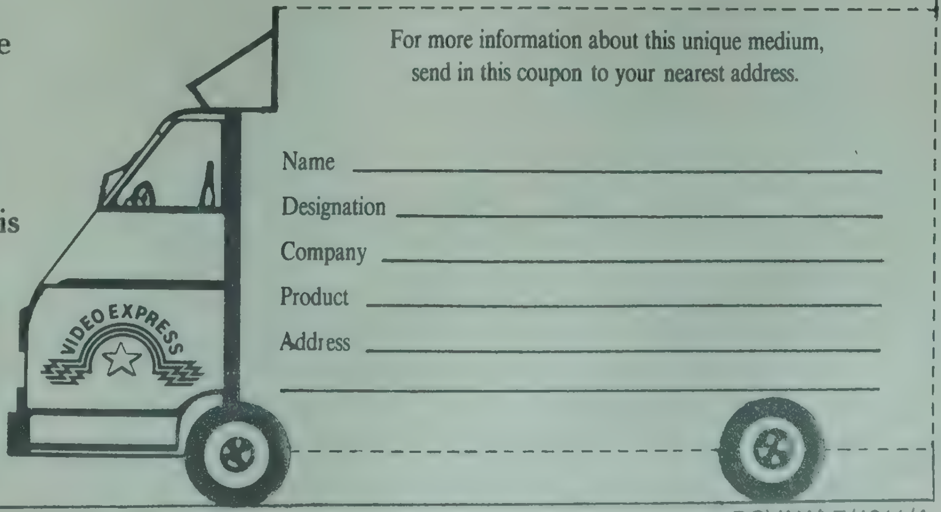
All rural market figures pertain to packaged goods, source : ORG



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Corruption scenario

Has corruption increased, decreased or remained at the same level as before, since the NF came into power?

There is obviously no quantitative measure for this, but observers in the capital are of the opinion that it has increased. They also have an explanation for this. Since the present government is an unstable one, a 'risk component' has to be included in every pay-off. They assert that the fear that the government may fall soon, impels those who give bribes to pay more so that their 'matters' are expedited. On the other side, those receiving money are also in a hurry because they do not know how long they will be around.

Yet another disquieting feature of the corruption scenario in New Delhi is that many top bureaucrats, hitherto known for their honesty, have begun to yield to pressure and that too for petty sums.

Too many cooks?

Strange things are going on at Udyog Bhavan these days. It is believed that the industry ministry has proposed two sets of officials for dealing with the same subjects. One set will look after formulation of policies and the other will ensure implementation of these. Presently the same officials look after formulation of policies and their implementation.

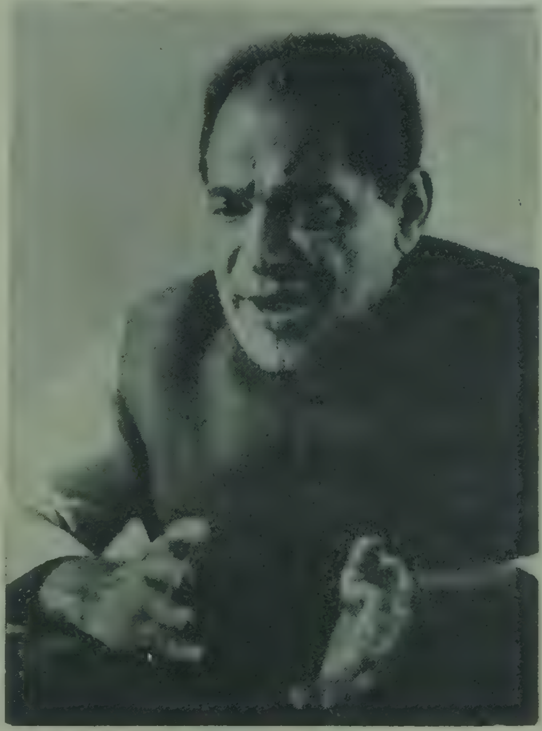
Whether the new dispensation proposed will facilitate matters or create an unholy mess remains to be seen.

Who's next?

Who is going to become the next deputy chairman of the Planning Commission after the exit of Ramakrishna Hegde? That is a sixty-four thousand dollar question which will depend on what turn the ongoing G.P. Singh-Devi Lal tussle takes.

Meanwhile the Tau camp is floating the name of Bhanu Pratap Singh, who belongs to the *kisan* lobby. Sometime ago — this was when Hegde had not quit — the Devi Lal camp was circulating the name of Surendra Mohan for the position. Mohan, an old socialist, who prefers to keep away from the limelight, is the chief ideologue of the Janata Dal. He is said to have drafted the manifesto of the party during the last election.

The V.P. Singh camp is yet to announce the name of its candidate. Meanwhile there seems to be no truth in the rumour that Sharad Joshi is taking over the deputy chairmanship of the Planning Commission.



Hegde: who will replace him?

All in the family

In New Delhi's corridors of power, it is not uncommon to find private entreprenuers greasing the palms of people in high official positions. But a public sector company bribing another is strange indeed. However this has actually been going on.

Some public sector chiefs apparently are on the payroll of certain public sector banks, getting Rs.25,000 upward per month for keeping their companies accounts with the latter. Chiefs who are cagey are paid in kind.

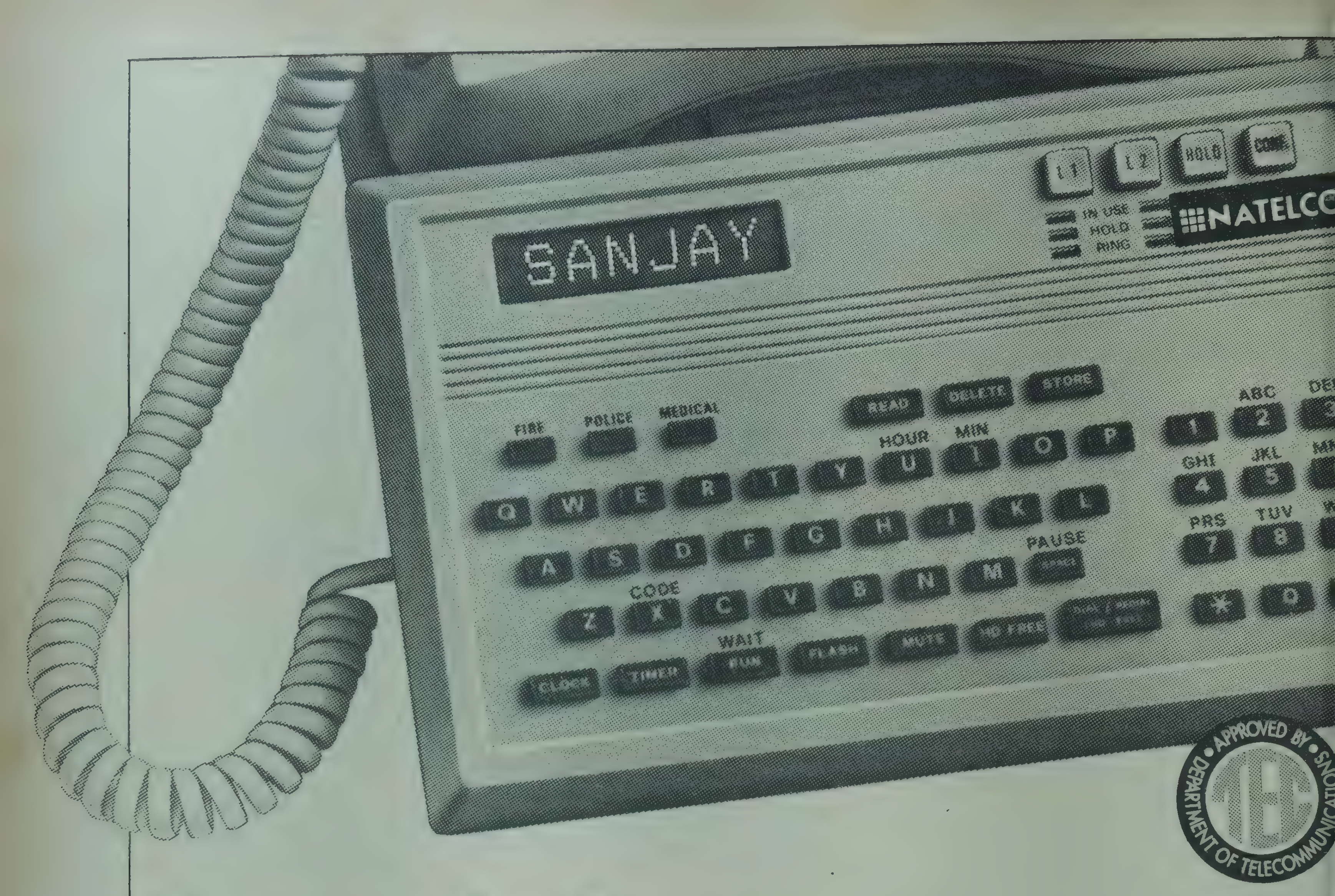
IT's routine raids

Operations by revenue intelligence agencies have increased in the last two months. This has been officially stated too. According to deputy finance minister, Anil Shastri, these agencies have been asked to intensify their activities. But all this stir may have less to do with the government's desire to crack down on economic offenders and more with keeping these agencies — which have expanded in the last few years — busy.

As an instance, take the case of the investigations wing of the income tax department. Following the introduction of the system of summary assessment, part of the staff of the IT department became redundant. To redeploy at least part of them, the investigation wings were expanded. Whereas in Delhi there were only two investigation units before, now there are five.

Keeping all of them busy is a difficult task. And so the increasing number of raids. But there is a strong negative effect. Just stepping up the number of raids mindlessly means less homework done and also raiding "small fish" instead of concentrating on the "big fish". As a result, raids have now become routine and therefore ineffective.

South Block: the level of corruption rises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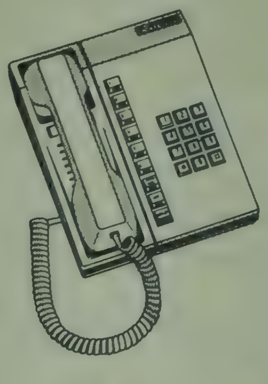

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You are invited to join the board

RAVI BHOOTHALINGAM

The announcement that the new legislation on workers' participation in management will extend, this time round, to corporate boards, has created a flutter in boardrooms across the country. There is animated discussion about whether, and when, workers will be "ready" to take up such responsibility. The debate, however, has so far not dealt with a key implication for corporate governance, and indeed, for the very nature of the joint stock corporation as we know it — that of shareholder sovereignty.

The theory of the joint stock company lays down that shareholders are the true owners. To manage the affairs of their company, they appoint directors to conduct the business of the company in the best interest, both short-term and long-term, of the shareholders.

To harmonise interests

It is by now accepted that a board which only confines itself to shareholders' interests cannot truly safeguard their long-term future. There are many other "stakeholders" who have an interest — financial or otherwise — in the corporation. Customers seek quality, fair prices and ready availability of its products. Suppliers, dealers and ancillary manufacturers expect long-term relationships and fair business practices. Employees' aspirations for job satisfaction and career growth find increasingly greater voice. Lenders look for security of their money and its repayment. The local community expects good citizenship and concern for the environment in its vicinity. State and central governments seek, at the very least, full compliance with the law, and preferably an understanding corporate response to Government priorities.

The board's primary task is to harmonise these various and varied interests in such a manner that shareholder value is enhanced. In doing so, the board operates under the doctrine of collective responsibility. While individual directors may hold specific portfolios as a matter of convenience, the responsibility for all decisions is collective. Each director holds his position (or should do so) by way of his general ability to appreciate and contribute to the overall governance of the organisation, although he may be especially knowledgeable in a particular area.

This model of board functioning has already been somewhat diluted by the induction of "nominee directors" of the financial institutions to the boards of many companies. These directors have a mandate to play a specific "watchdog" role, vis-a-vis the public funds invested in the corporation. Some of them do influence policy to a great extent by conscientious application of their considerable experience. But these are, regretfully, in a minority.

The proposed legislation inducting employee directors would further increase the number of directors who would perforce have dual, often conflicting, loyalties. An employee director, especially a union nominee, would feel compelled to represent employee interests. However, his board membership may constrain him from doing so as effectively as his unfettered union colleagues. More importantly, once individual directors see themselves only as representatives of specific "constituencies," it spells the end of the collectivity, and consequently the effectiveness, of board functioning.

Is board representation the only way, or even the most effective way, for stakeholders to further their particular cause? Consider what could happen to the board of, say, a large agri-product consumer company if this principle were enforced strictly. Consumer organisations could well ask for a seat on the board. So could farmers' co-operatives — by virtue of their status as suppliers. Financial institutions and promoters would already be represented. Now add the employees and unions, ancillary manufacturers and suppliers, and the trade. The company would need to hire a small auditorium to conduct its board meetings!

Right to choose

Stakeholders have every right to form pressure groups to promote their interests. Equally, being after all the owners, they must have the right to choose who they want on their board. When they appoint employees on the board, as they have done in many instances, they do have an opportunity to endorse or reject the recommendation of the incumbent directors as to the suitability of the new appointee. But the process by which the new bill seeks to select employee directors (union nomination/employee election) is not really appropriate to identify those with the knowledge, experience and talent to contribute meaningfully to board discussions.

The true answer is not further legislation. In fact we have too much of it already. It is time we recognised that throughout the world, wherever industry and business have prospered, it has been due to the fact that the supremacy of the shareholder has been recognised. The provisions for the exercise of this supremacy may vary from country to country, but in essence the collective will of the shareholder prevails. We in India must take note of these world trends. Let us hope the forthcoming debate in Parliament will do just that.

The author is managing director of VST Industries Limited, Hyderabad

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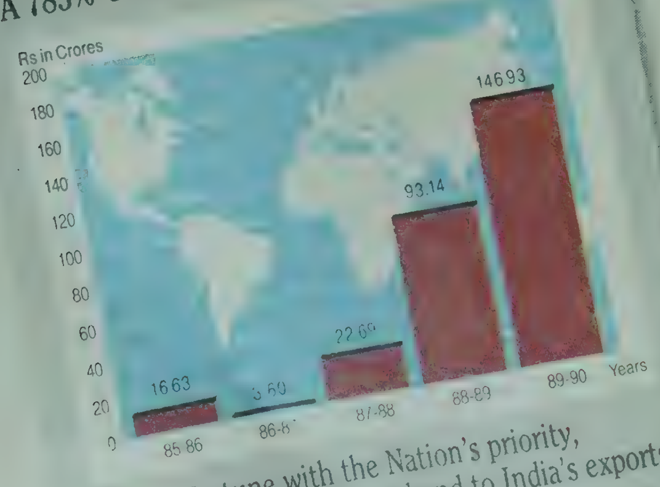

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The Chief Marketing Manager, Exports, making a presentation to American buyers

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CLARION/B/SM/77/285

Easing taxpayers' rituals

PRAKASH HEBALKAR

At a meeting of the All India Commissioners of Income Tax it was reported (*The Economic Times*, 15 June 1990) that the finance minister "urged the income tax department to shed cumbersome procedures which irked taxpayers the most... to make paying more tax pleasurable". The two most common difficulties, as they appeared to him, were reported as being the innumerable types of forms and delays in getting refunds. Dandavate's exhortations, while being welcomed by all taxpayers, could do with simple specific suggestions to aid commissioners.

Every year it is a wild goose chase for taxpayers who try to obtain the appropriate forms as the format keeps changing continually. Overseas, the situation is entirely different. The income tax department routinely sends each taxpayer, three months in advance of filing dates, a booklet containing the most common forms applicable to the current year and the associated tax rate tables along with the relevant instructions on how to fill forms.

As the IT department in India has the name and address of each taxpayer thanks to permanent assessment numbers, surely it is possible to have a similar arrangement. Considering the fact that thousands of rupees are collected in tax from each individual every year, mailing a booklet costing, perhaps, fifty paise to each tax taxpayer is hardly a waste of time and effort. On the other hand, it is a welcome service to customers of the department. Also, this facility will ensure proper and complete filing of returns.

Goodbye refunds

Many taxpayers are of the view that perhaps because the IT authorities are judged by the amount of tax collected and not by the amount of tax refunded, refunds are a low priority. As far as the taxpayer is concerned, this has meant waving goodbye to refunds for all practical purposes. Why not then, in this case, adopt the old US system which allows taxpayers the facility to adjust the refund due on the current year's return to the following year's advance tax obligations?

This will be entirely consistent with the policy of summary assessments which is already in place. If the assessment is undertaken and the refund claimed is reduced, the taxpayer will be informed and will have an opportunity to make good this reduction in refund in the next instalment of advance tax.

Today, a taxpayer in the US can file his return directly, by a telephone linked to his computer, to the tax authorities. This is based on the premise that a return is merely a device through which the taxpayer notifies the authorities of certain information and of his compliance with the rules relating to them. In this area, it is often believed reported that the IT officials are quite fussy when it comes to paperwork.

An example will suffice. If a taxpayer submits a signed carbon copy of a typed tax deduction certificate, it is declared void despite the signature, on the ground that the entire form is a carbon copy and not the original. Worse still, they even deny the credit due for the amount of tax paid and certified, and issue a demand notice for that amount as due and unpaid!

Such errors or slips do have suitable alternatives — the tax department can write or call the person to submit the original certificate (or explain why he cannot) before the demand notice is issued. In this day and age when electronic filing of returns is becoming the acceptable practice abroad, surely such fuss over paperwork can be discarded by an *au courant* officialdom.

Concept of acknowledgments

One good measure introduced in recent times has been the concept of using the acknowledgment as a *de facto* assessment under the summary assessment scheme. However, the current approach is to regard the acknowledgment as yet another copy of the income tax form (in a different format), to be filled in all over again by the taxpayer. It is not clear why all the information given in the return application has to be reproduced all over again, unless it is to record by way of a "*de facto* assessment order" the contents of the return submitted.

If this information is needed, it is not clear why, in these days of widespread availability of PCs, key data on income and tax deduction information cannot be entered into a personal computer at the time of assessment itself and an acknowledgment containing these printed out, instead of requiring the taxpayer to repeat the information *ad nauseam*.

An added benefit of this would be that data collection for the processing of returns by the IT department would be automatically completed and in time. If speed is a consideration, then an optical scanner (available in India) can be used to scan the first page of the return which could be redesigned to contain the summary information currently featured in the inside pages (eg, Part E in Form 3) on the top sheet itself and generate the acknowledgment.

Such simple suggestions as these, when they find favour with the Central Board for Direct Taxes (CBDT), will perhaps support the value-based and progressive image that they would like to project.

The author is an international business consultant based in Bombay. He was earlier senior vice-president with a major information technology company

THE AMALGAMATIONS GROUP

The Southern giant ploughs ahead

The group, which has a formidable reputation in its fields of operation, is shrugging off its conservative image, much to the delight of its employees, suppliers and dealers

AMALGAMATIONS
CELEBRATES
SIMPSONS
150
YEARS
1840-1990

Anantharamakrishnan: founder of the quiet giant

Next month, an ex-employee of this southern business conglomerate — President R. Venkataraman — will inaugurate its 150th anniversary celebrations. This milestone in the corporate history of Simpsons & Co, which marks the media debut of the Amalgamations Group, has forced the pioneering giant to emerge from its self-created shell.

While it has a formidable reputation in many of the fields in which it operates, outside those spheres it is little-known. For example, it may not be common knowledge that, with 29 companies and a group turnover of Rs.733 crore, Amalgamations is one of the largest business houses in South India. Or that it is also one of the most diversified, with interests ranging from automobile ancillaries and tractors to paints and plantations.

If at all an image exists, it is that of a staid, family-controlled business empire that has been plodding along a rather unspectacular growth course. While it is true that as many as 24 companies are closely held by the family of the founder S. Anantharamakrishnan (popularly known as 'J'), the family also has a substantial stake in the publicly held companies. Amalgamations' times are definitely changing.

Change of profile

The group's decision to have a big anniversary bash may be an indication that it is finally shedding its ultra-conservative coat. No doubt, a public relations exercise is long overdue and the celebrations should also boost the morale of its 16,000 employees and Amalgamations' extensive network of suppliers and dealers.

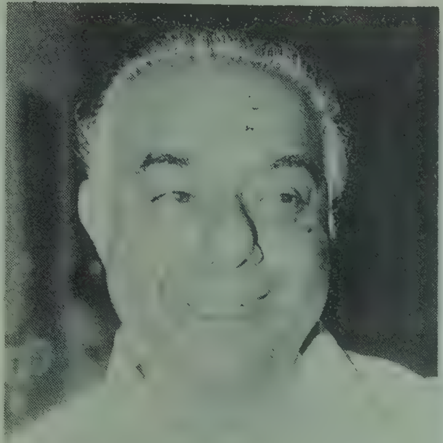
In many ways, the low profile that the group has been assiduously maintaining reflects the personality of A. Sivasailam, the soft-spoken, reticent group chairman, and his younger brother, group vice-chairman A. Krishnamurthy. Socially, they are practically hermits. Sivasailam is more comfortable discussing the group's philanthrophic ventures — a school, college and rehabilitation centre for the handicapped — than outlining Amalgamations' business achievements.

The family is highly secretive, inward-looking and unadventurous — characteristics that typify their operations. One example that industry observers often trot out to illustrate the family's cautiousness is its reluctance to exploit the gold mine inherited in the sixties. To be sure, compared to the soaring growth curves of the country's other business houses, Amalgamations has just about managed to keep ahead of inflation. Until last year, not a single new company had been promoted after Anantharamakrishnan's death in 1964. As for mega-projects, they have completely been given the go-by.

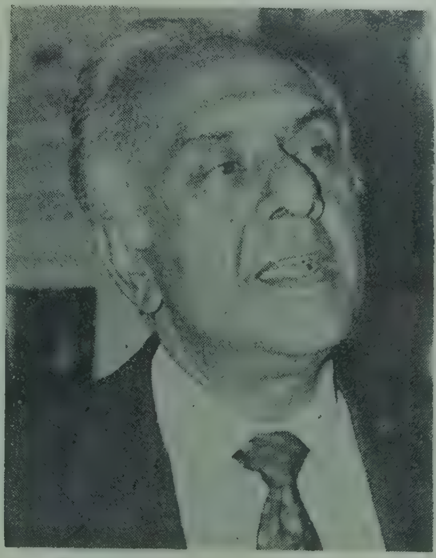
A Madras-based industrialist puts this lacklustre performance in perspective: "One must remember that this business empire is managed by a very small family. They have chosen to grow within the limits of their personal capacity to manage events. From that point of view, their growth is nothing to sneer at."

The group has also been confronted by a series of rather severe crises at regular intervals. When J passed away without leaving a will, a Rs.2.5 crore duty was slapped on the estate which took five years to clear. "With this kind of liability, how could we have raised finance for new projects?" asks Sivasailam. Immediately afterward, violent industrial unrest in the seventies brought growth to a standstill for two years; and its diversification into truck manufacture was a disaster *(see box, page 64)*.

Thankfully for the group, its financial conservatism paid off and prevented it from sliding irreversibly into a decline in the trying decade of the seventies. Sivasailam firmly believes that their core strength is financial discipline. The fiscal performance in subsequent years bears him out.



Sivasailam: financial discipline



Krishnamurthy: high growth areas

Internally generated funds

During 1980-81, the group's turnover was Rs. 235 crore, with a profit before tax (PBT) of Rs. 14.3 crore. For the year ended 1989-90, the turnover was over thrice that figure: Rs.733 crore with a PBT of Rs.52 crore. And over the last five years, additions to fixed assets amounted to Rs.75 crore. What is significant is that these investments are largely internally generated. The founder's philosophy has therefore been imbibed well.

"Our total borrowing is nowhere near our borrowing capability. Each company should perform well enough to generate enough funds to grow further," says Sivasailam. The total borrowings are barely Rs.27 crore and group companies have a low debt equity ratio. Bimetal's, for example, is 0.25. This anti-public borrowings policy dictated in part by the fear of relinquishing control or being subjected to restrictive clauses by financial institutions has retarded expansion. This stance may appear at odds with industry practice but a banker points that, unlike other over-extended groups that kowtow to financial institutions, Amalgamations can bargain from a position of strength.

Now, Sivasailam too is talking in slightly more ambitious terms of a Rs.250-crore modernisation and expansion programme over the next four to five years which should double the group turnover. The sum may appear overly modest, especially when other companies are setting up single projects several times larger. But for the group's strategy for the nineties — which Sivasailam spells out as increasing volumes, expanding the product range and strengthening export capabilities — this is adequate. This expansion will largely be funded by raising long term finances and public deposits and wherever necessary, capital will be increased. "This could be one reason," says one observer, "why the family is gradually coming out in the open."

Within the broad strategy, specific action plans for individual companies have been clearly chalked out. The mix of companies in the group consists of those which are still stodgy and others which, in recent years, have been astir with activity.

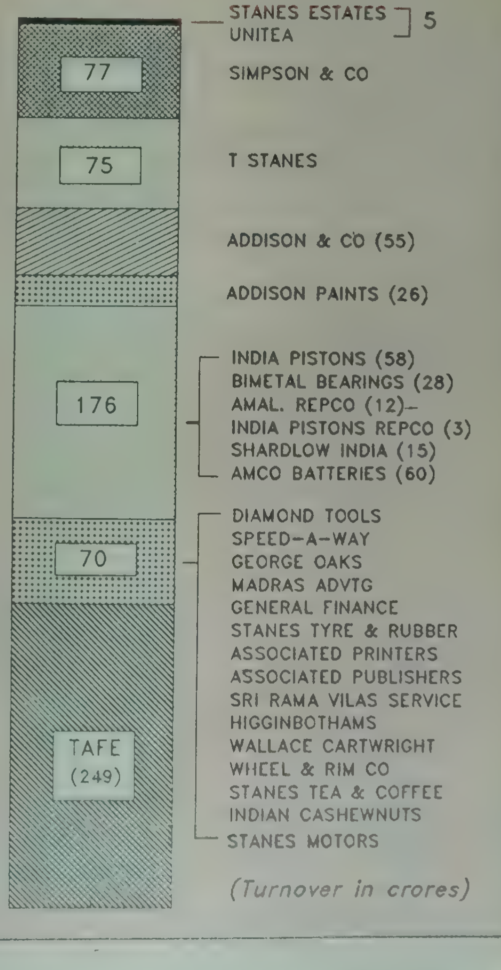
Production to increase

The company with which it all started, Simpsons, the manufacturer of diesel engines for automobile and industrial applications, will invest Rs.45 crore in modernisation and expansion. Simpsons' current annual production of 25,000 engines (in the 25 to 120HP range) falls short of demand which is placed at 36,000 engines, according to V. Prabhakar Rao, executive director (operations). The plans are to scale production up to 50,000 units. Simultaneously, technology will be upgraded. While the collaboration with the world famous Perkins of the UK may have expired, Simpsons still has a close relationship with its ex-collaborator. According to Rao, in the last two years, Perkins (now part of the $2.3 billion Varity Corporation of the US) has been seriously considering India as a production sourcing base.

Although its P series engines, which are of 1940 vintage, continue to be the most popular ones in the country, Simpsons has developed the more fuel-efficient direct injection (DI) version for tractors and other applications. It has also indigenously developed two and four cylinder engines.

Simpsons was originally set up as an independent diesel manufacturer and supplied engines to Premier Automobiles and Hindustan Motors — for their Bedford trucks. When automobile companies began their

The group at a glance



(Turnover in crores)

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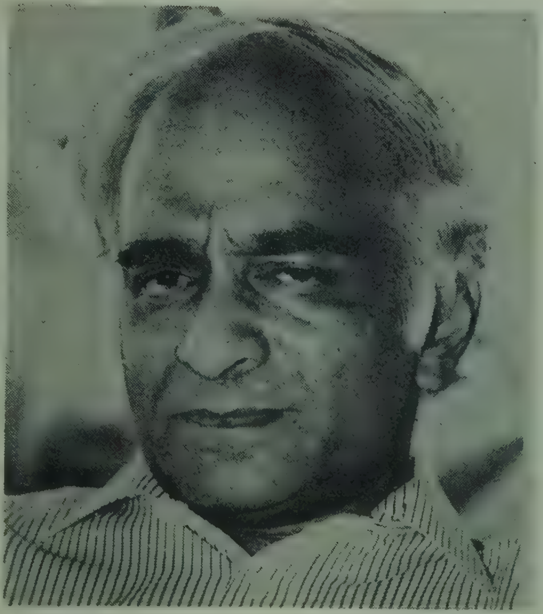
own engine manufacturing programmes, Simpsons was freed to look for end users. This was the logic behind the venture into tractor manufacture and the setting up of TAFE (turnover: Rs.249 crore). Today Simpsons is TAFE's sole supplier though it supplies also to TAFE's competitors such as Mahindra & Mahindra (for tractors and LCVs).

Pedigree collaborations which ensured superior technology was a conscious strategy the group adopted in its early years. Thus TAFE, which was promoted in 1960, had a tie-up with Massey Ferguson of the UK. In the seventies, even the monopoly it enjoyed — tractors in India were identified with Massey then — did not stimulate growth. The product was good, demand was booming with a seven-year waiting period but it chose not to expand.

Forced to perk up

Its original capacity of 3,500 tractors was increased to only 7,000 in the seventies. The eighties brought more players in the market and the changed equation forced TAFE to perk up. It certainly has: during 1989-90, it sold 20,230 tractors. A new plant has been set up in Karnataka at an investment of around Rs.20 crore and production volumes are expected to go up to 35,000 tractors. With an overall market share of 16 per cent, TAFE is the market leader in 35 HP tractors. It is also turning its attention to the 25 HP range which is used by farmers with small holdings. With the excise and sales tax concessions applicable on this range, it promises the highest growth potential.



Venkataramani: "we are on par with Escorts"

Mallika Srinivasan, general manager, production and co-ordination, and Sivasailam's eldest daughter, says, "The structure of the Indian tractor industry is going to change with a shift towards the lower range. We have to give the farmer what he wants and on time. We have to keep abreast of product development."

TAFE's renewed vigour has not gone unnoticed by its competitors. "The changes that have taken place in this company are indeed remarkable," says R.K. Pitamber, deputy managing director, operations, Mahindra & Mahindra Ltd. "They are pushing for more production and have a more aggressive marketing team." From 1986 onwards, TAFE's dealer network has been doubled from 80 to 160, and there are more service centres. Also, concepts like mobile service vans have been introduced. Industry insiders see Mallika Srinivasan's initiative in the new orientation.

Meanwhile, TAFE is diversifying. In keeping with its philosophy of service to the farming community, it has entered seed development in collaboration with Bookers of the UK. Engineering plastics is yet another new thrust: "We have set up a plant in Bangalore and gone in for a commercial tool room," says M. Ramaswamy, vice-president, TAFE, who is spearheading the diversification drive.

Potential for exports

Diversification into related fields is also the focus of another star performer in the group, the Bangalore-based Amco Batteries. This company will be investing Rs.50 crore over the next four or five years. The project: a sealed acid battery plant with its present collaborator, Yuasa of Japan, which will cost Rs.35 crore. Another project to manufacture nickel cadmium batteries (used in aviation, nuclear power and telecommunications) in collaboration with Saft of France will also be coming up soon. "We hope that the potential for exports will increase still further with these products," says Sivasailam.

Usually, pioneering ventures have an unbeatable advantage: they can become market leaders and assume a position which subsequent entrants may take years to challenge. The case of India Pis-

Simpsons, Amalgamations and 'J'

Nobody quite knew who he was. But Simpson, who hailed from Scotland, chose to set up a company in Madras in 1840 to build horse-drawn coaches and carriages for the affluent. The star achievement of the company in the 19th century was to build a carriage for the use of the Prince of Wales during his visit to India in 1876. In the early 1900s, Simpsons actually built a motor car and ran it on Mount Road. The company, however, confined itself to the car trade and opened many workshops and branches. It was only during the fifties under the Indian management that the company began to manufacture diesel engines.

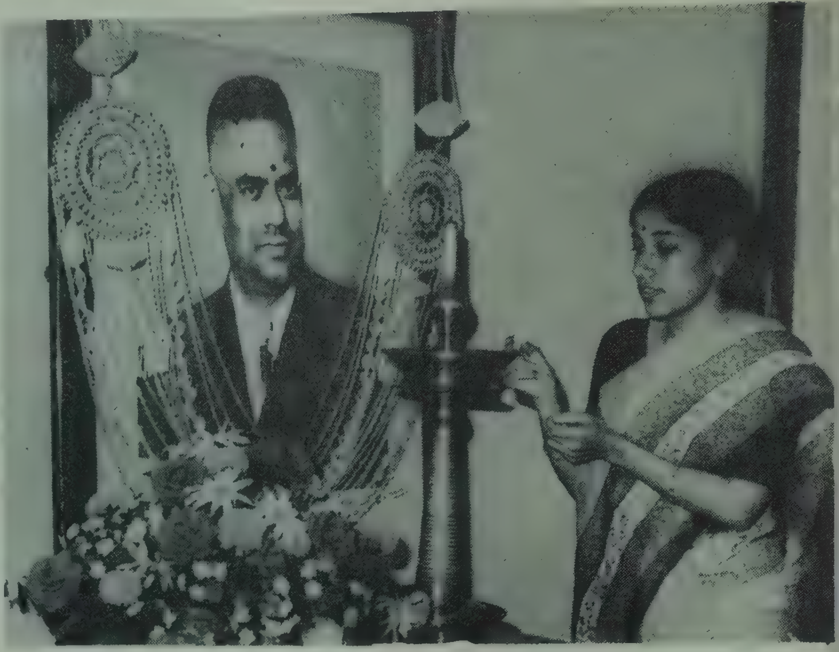
In 1930, a 25-year-old unassuming accountant joined Simpsons. S. Anantharamakrishnan was known to his English colleagues as simply J. The nickname stuck and no one knows why. By 1938, J was ready to start a business of his own. He formed Amalgamations (Private) Limited that year. Why he chose that particular name is again not known. He then established Sri Rama Vilas Service (SRVS) which went on to run a large bus fleet and a cargo service. The same year an agency, Speed-A-Way, was established to distribute automobile spare parts.

Historical move. In what is referred to in modern parlance as a historical move, J acquired Simpsons in 1941. And W.W. Ladden, then chairman of the company, voluntarily opted to serve under J. Simpsons became a subsidiary of Amalgamations. In the next 25 years both Amalgamations and Simpsons began to acquire and promote companies at a blistering pace.

J was a true visionary who realised that after independence, it would be necessary to begin manufacturing goods. He established units to manufacture paints, pistons, batteries and tractors, among other things. He bought a publishing house which owned a newspaper (*The Mail*). In 1961 he acquired interests in several plantations.

When J passed away in 1964, he left a highly diversified business house which featured among the top twenty in the country.

K.S. Sundaram: "working capital is the key"



Mallika Srinivasan: too busy to think of succession

tons (IP), the first auto component manufacturing unit in the country, is a case study of how such a lead can be lost. So rapid was its decline in the seventies that the field was open for Escorts, a much later entrant, to surge ahead. However, IP is now hurrying to regain lost ground. "The perception that we have fallen behind is not correct any more. In the ranges in which we compete with Escorts, I would certainly say that we are on par," says N. Venkataramani, managing director of the company.

Escorts has 80 per cent of the market in two-wheeler pistons, an area India Pistons did not get into. "It was not economical to go in for two-wheeler pistons in our older plant," explains Venkataramani. When the new plant was set up in Marai Malai Nagar in 1984, attention was diverted to the Maruti market. Today, according to Maruti, IP supplies 16 per cent of the automobile company's requirement for four-cylinder vehicles (the Gypsy and Maruti 1,000) and caters to 32 per cent for the Maruti 800, Maruti and Omni. In this three cylinder category, Escorts is the major supplier. In addition, it has a flourishing export market in the USSR, supplying pistons for the Lada cars. The company is now gearing up to enter the two-wheeler category as well.

The mood in IP is certainly upbeat. While a technical collaboration with Sakura Pistons of Japan exists, IP has also recently tied up with Nippon Piston Rings (NPR) of Japan to manufacture a new range of steel rings. "We will consolidate and expand," promises Venkataramani. Turnover is expected to increase from Rs.59 crore in 1989-90 to Rs.75 crore in 1990-91. "We will reach Rs.120 crore by 1992," is Venkataramani's confident prediction.

While it has lost its leadership in pistons, the group still holds a pre-eminent position in other industries — bearings and cutting tools. Bimetal Bearings Limited (BBL), was established in collaboration with Clevite Corporation of the US in 1961 to manufacture bimetal engine bearings. BBL and Addison & Co, which began manufacturing cutting tools in 1955 with indigenous technology, have been market leaders in their lines for a long time. BBL accounts for 50 per cent of the industry's output and 80 per cent of the country's exports. "Our bearing was the first component to be approved by Maruti," says S. Gopinath Rao, executive director, group marketing. Today, the company is a 100 per cent supplier to Maruti.

Good exports

A little known fact about Addison is that it is the country's largest manufacturer and exporter of high speed steel cutting tools. It has made a major dent in the international market. Exports have grown from Rs.2.13 crore during 1980-81 to Rs.13.35 crore in 1989-90. General manager G.V. Harinath takes particular pride in the fact that the company has exported to such demanding markets as West Germany, the UK and US. In the last ten years, the company has spent about Rs.14.5 crore on expansion and modernisation.

Exports is going to be a major thrust area for the group for which an overall investment of Rs.100 crore is planned. Amalgamations' export initiative began in the sixties with a two-way trade with Yugoslavia when the company began importing tractor kits from that country to take advantage of the rupee trade. Now it has offices in Belgrade, Vienna, the USSR, London and Australia. Amalgamations has been making a conscious effort to develop export markets for both its own manufactured products as also for those manufactured by companies outside the group. Group exports totalled Rs.4 lakh in 1963. Today it is Rs.32 crore. Non-group items have grown from Rs.6 lakh to Rs.36 crore.

R.V. Subba Rao, general manager,

It's all in the family

The Amalgamations group is possibly among the largest privately held business houses in the country. The company in the group which went public in 1978, Bimetal Bearings Limited, did so only because it had to bring down its foreign shareholding. Although these shares are briskly traded, the family holds about 70 per cent of the equity. Other publicly held companies are: T. Stanes of Coimbatore; the two plantation companies (Unitea and SAE), and Amalgamations Repco Limited.

The holding company, Amalgamations Private Limited, has two directors, Sivasailam and Krishnamurthy. The shares of the holding company are divided equally among Anantharamakrishnan's four children, his two sons and two daughters. Sivasailam and Krishnamurthy, the two sons, are the chairman and vice chairman of the group. One of group export promotion, says, "The strong foundation augurs well for our entry into the vast world of the European community in the nineties. We are also sure that our technological upgradation will enable us to double our export turnover in the near future."

As an extension of its commitment to exports, last year Amalgamations set up Madras Hi-Tech Circuits Ltd, a 100 per cent export oriented unit, to manufacture professional grade printed circuit boards. These are targeted at the USSR and select markets in Europe and the Far East. This project is a marked departure from the group's traditional thinking. "This is the first time we have gone into electronics, the first new venture after the founder passed away and the first joint venture with the state government," says Shankar Sundaram, the project's mainstay and Sivasailam's nephew. The state electronics corporation (Elcot) holds 26 per cent of the shares and Amalgamations 25 per cent in the Rs.12-crore project.

Optimism is visible in the group today. Companies like Shardlow India Ltd, which manufactures drop forgings and crank shafts, and which has been an also-ran because of cost over-runs, is expected to turn around in a year or two. Says vice-chairman Krishnamurthy, "All our activities are in high growth industries." For example, the Coimbatore-based T. Stanes and Company, whose activities include fertiliser mixing and selling, has reported a turnover of around Rs.75 crore. Says K.S. Hegde, executive director, marketing, " We have now extended our activities to seeds, microfoods, botanical pesticides and biofertilisers — areas in which we see a big future."

Amalgamations' plantations — Stanes Amalgamated Estates Ltd (SAE) and the United Nilgiri Teas Estates Ltd (UNITEA) — may not be considered high fliers in the south. However, they have never seen an unprofitable year and are considered to be well managed. While, by and large, they have been content to ride the boom in the tea business, there are plans to enter into a more competitive area: packaged tea.

Jayshree Venkatraman: inducted in Amco

Other group companies in distribution, trading and services continue to hold potential which the family now seems keen to exploit. For example, Higginbothams, possibly the oldest bookshop chain in the country has branches in most major southern cities. There are plans to open more branches and outlets and increase its presence at railway stations. Krishnamurthy does not rule out the possibility of entering publishing and reviving *The Mail*, the eveninger published by the group which was closed down in 1981.

Having lumbered dinosaur-like through the past two decades, the need for the future is clearly for faster, more aggressive growth to withstand the growing competition in the group's fields of operation. There is no doubt that Amalgamations' business practices have earned it tremendous goodwill in the markets as a reliable, straightforward group to deal with. Pitamber of Mahindras calls them the backbone of the automotive ancillary industry. J. Joseph, executive director, Ashok Leyland, feels that Amalgamations is a customer-friendly organisation. M.M. Raiji, senior general manager (materials), Mahindras, says: "They have displayed warmth and understanding in dealing with us and are generally co-operative about changes in our production schedules."

As an employer, the group's staid image is a distinct put-off and it is not seen as a group with growth potential. Says a Madras-based corporate head-hunter "Salaries don't compare favourably and there are too many old timers." Most senior managers are those who have stayed on for years. As critics say, loyalty rather than brilliance has been rewarded. There is now a need for second-line management and this, says Krishnamurthy, they have already recognised. The group has set up a manpower development centre at Bangalore for internal training and companies like TAFE have recently started on-campus recruitment and graduate engineer training programmes.

This may also be an appropriate time for the group to re-examine its aversion to risk-taking, which was a direct outcome of the Ford disaster. "Like other southern business houses, Amalgamations is loath to venture out of their

Sivasailam's sons-in-law, K.S. Sundaram, runs Addisons Paints and the other son-in-law, N. Venkatramani, heads India Pistons. Each company in the group is managed by its own board. Generally there are very few outsiders on the boards.

Both brothers also look after some of the group companies directly. For instance, Sivasailam monitors TAFE and Amco batteries on a day to day basis, while Krishnamurthy is involved in Simpsons, Bimetal Bearings and Shardlow. But it is clearly Sivasailam who has the greater say.

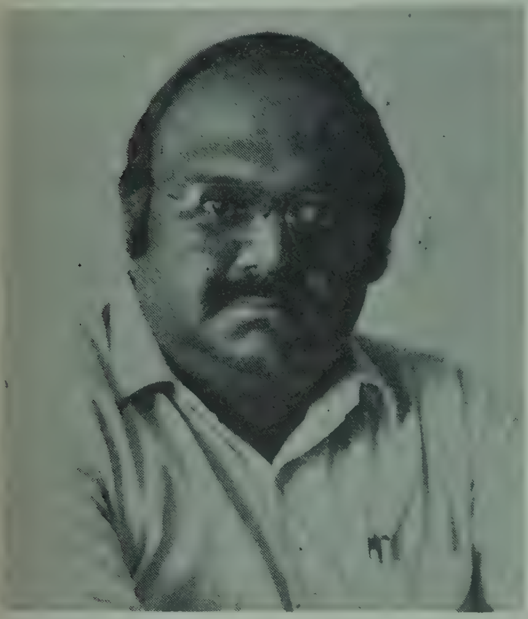
Third generation. The third generation in the business consists of Sivasailam's two daughters. Mallika Srinivasan, 30, (who is married to Venu Srinivasan of the TVS group), an MBA from Wharton University USA, is general manager (planning and co-ordination) in TAFE. The younger daughter, Jayshree Venkatraman, 27, (married to M.S. Venkatraman of WS Industries), who has an MBA from the International Management Institute, Delhi, has been inducted as an executive assistant to the chief executive of Amco. Krishnamurthy has no children.

Obviously in a group like this the chairman is the power centre. He deals with the banks, the government and all the initial preparations for collaborations. Krishnamurthy, who describes his role as a supportive one, is in charge of group industrial relations. If there are any disagreements, the decisions taken by the chairman prevail. Sivasailam himself feels that the unique strength of the group lies in respect for authority and the consequent discipline that it brings. "I see this as a value which should not be discounted. The group's strength lies in its togetherness under the umbrella of Amalgamations. We offer limitless opportunities to talented professionals. The family should induct and retain them. But the directions should come from the family," he says.

sphere of influence. In all their projects they are looking for certainty."

Tough discipline

As Sivasailam explains, only by retaining control and imposing strict financial discipline, did the group emerge from the Ford fiasco. "We absorbed the loss incurred by Simpsons without hampering the growth of individual companies. Each company was allowed to retain profits and use it for its growth. TAFE's growth helped Simpsons' diesel division grow. And Simpsons gained by the increased dividends from subsidiaries. The only thing we did was to sell 15 per cent of Simpsons investment in Amco to Yuasa of Japan for Rs.3.5 crore. And loss making Reichold Chemicals was sold to the UB group for about Rs.1 crore." Many in Madras' industrial circles agree that it is by running the group as a private domain that it has managed to stay together.


Shankar Sundaram: first venture into electronics

With new blood entering the companies, old and hitherto venerated dogma may have to be abandoned. Sivasailam, though, is confident that Amalgamations' corporate values will not change. The group takes pride in the fact that an internal audit system was introduced in 1951 much before it became mandatory. It has always been a large tax payer and does not have outstandings either.

Although the chairman's word is final, there is a murmur of dissent. K.S. Sundaram, who runs Addisons Paints and Chemicals Ltd, the first manufacturing unit of the group, which is always unfavourably compared to Asian Paints, feels that the company's sedentary growth rate is caused by a lack of working capital. "In this business working capital is the key. We cannot make do with just bank finance, which is the group's idea of raising funds," says Sundaram. But he emphatically adds that whatever his personal feelings, the decision of the chairman is final.

Succession plans have yet to be revealed. Mallika denies that she is being groomed to take over. She certainly has been a catalyst for TAFE but as she points out, "I am not even a director in the group. I have had to put in long hours and prove my worth. I think the group offers enough opportunities to us all. I have my hands too full with TAFE now to worry about such matters."

Shankar Sundaram, K.S. Sundaram's son, feels that the group's monolithic structure will have to become more manageable. "Events are moving very fast in the industrial scene. We have to run just to stay in place. Eventually, subgroups have to emerge in which people can take their own decisions. Only then can we make larger investments — a direction in which we should all be heading," he says.

Rumours of an impending split have been gaining ground in Madras. The Sundaram family is evidently straining at the leash and some months ago put its 20 per cent stake up for sale. However, this offer attracted no buyers since the holding would not be large enough to command control.

The house that J built has been held together by his two sons. It remains to be seen whether the inevitable pressures that build up in Indian family business groups dictate the future of Amalgamations and its fortunes.

■ SUSHILA RAVINDRANATH with bureau reports

The Ford fiasco

The Amalgamations group has always been accused of not going in for any major diversification. But it is almost forgotten that in the late seventies, it launched a programme to manufacture commercial vehicles in collaboration with Ford. This decision did make sense at that time. The group was on the lookout for an end product for the diesel engines Simpsons was making. This was the period when both Telco and Ashok Leyland (AL) trucks were selling at very high premiums and the government was keen on having a new entrant.

Encouraged by the enthusiasm shown by the government (which gave a concessional duty of 65 per cent for the import of kits), the group set up a truck division under Simpsons. About 3,600 CKD kits were imported from Ford. This was the first time that an Indian company was allowed to negotiate an offshore loan of $29 million.

The company started assembling the 7.5 tonne load vehicle. Automobile industry sources say that the company did not import a suitable model for Indian conditions. The truck could not take the kind of overloading that Indian trucks were subjected to. Sivasailam however denies this. "We planned for a 60 per cent overload, but the Indian truck drivers were carrying 22 tonnes and 25 tonnes." As a result there were complaints of rear axle failures. By the time the defects could be rectified, the truck market had collapsed.

Truck overpriced. Another factor that went against Simpson was that the Ford truck was overpriced compared to the Telco and AL trucks. The government also started reducing the various concessions. When fuel efficiency norms and subsequent concessions were introduced, the old Perkins engine possibly could not stand up to it. There were just no takers for the trucks.

The group has been trying to recover from this experience right through the eighties. "We have been creating a special niche for this product and have put in a lot of engineering work using the chassis for different applications, in spite of a low volume no profit situation. We have managed to sell these trucks for various applications, like tippers, large tankers, passenger buses and so on," says Sivasailam. About 90 per cent of the trucks which were brought in have been sold. The rest will be adapted for bus chassis applications and today the indigenous content is about 95 per cent.

The financial loss incurred by the group during this exercise was no doubt enormous. But Sivasailam is not willing to proffer details of what he dismisses as past history. Paradoxically, while the losses — said to be Rs.18-20 crore — may have been wiped out, interest charges continue.

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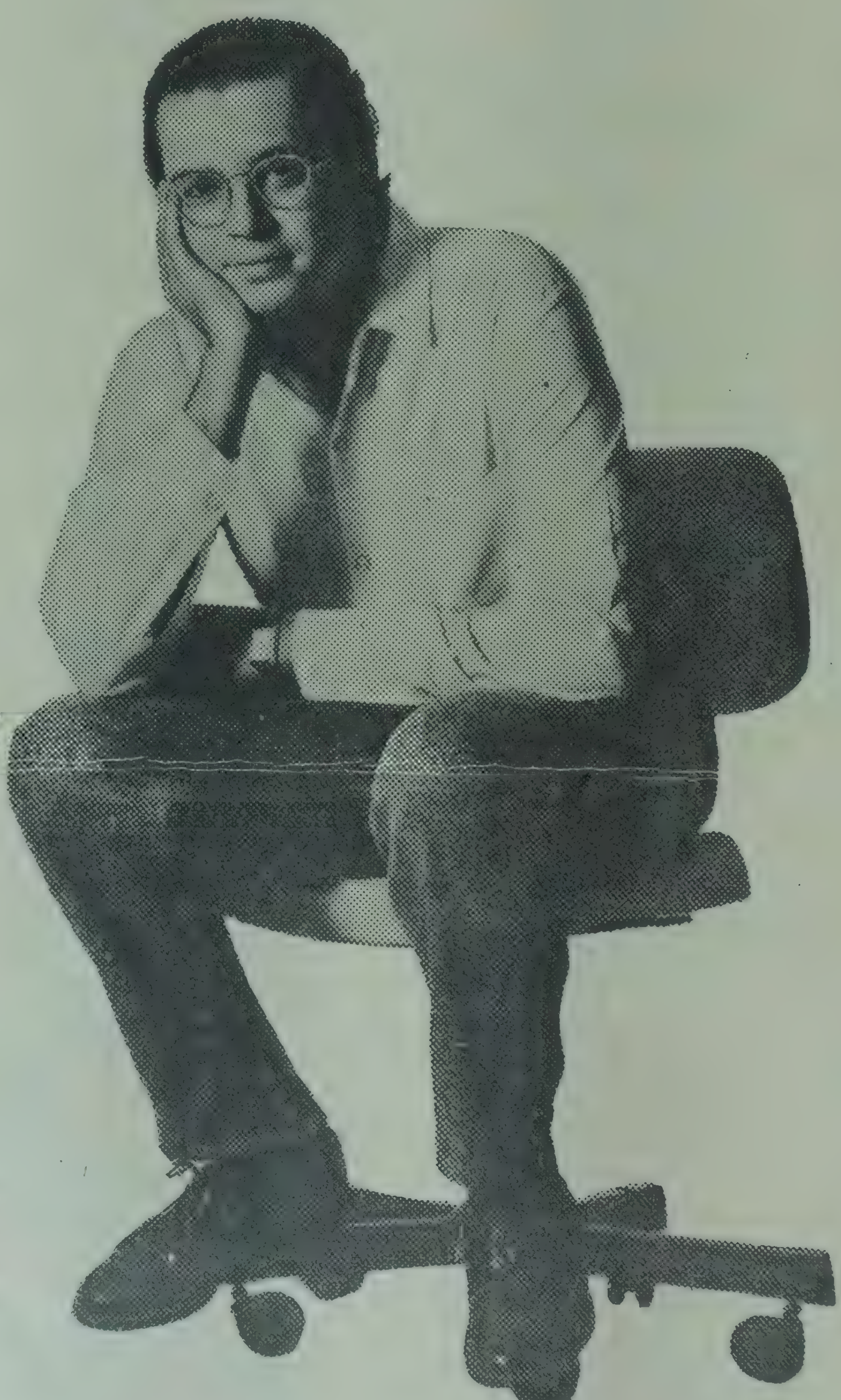

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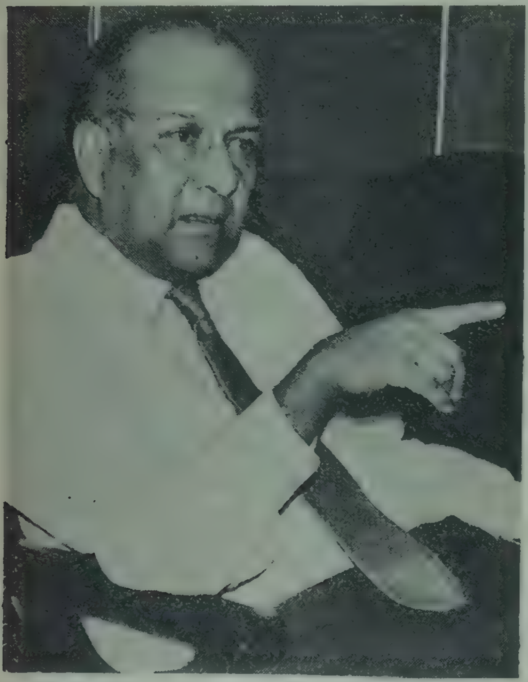
ACC

Sprucing up

Shedding of loss making units and higher cement prices have put ACC on a recovery path. As the cement market is upbeat the company should reap a good profit this year

Subrata Ganguly is an optimist by nature. Corporate life has been kind to him. During his four-year tenure in the early eighties, Alkali and Chemical Corporation of India Ltd (a former ICI group company) thrived and prospered. Under his chairmanship, Indian Petrochemicals Corporation Ltd doubled its turnover to Rs.894 crore between 1983 and 1988. And now, only 14 months after he took over as managing director of Associated Cement Co Ltd (ACC), the once-ailing cement giant's fortunes have turned sharply. It has a net profit of Rs.17.79 crore for the year ended March 1990, against a net loss of Rs.5.64 crore in the previous year.



Ganguly: "now we are breathing easy"

ACC's turnaround is undoubtedly another achievement for Ganguly to be proud of, but this time he was lucky as well in two ways. First, his predecessor had already started cutting costs two years ago and Ganguly accelerated the process. Second, cement prices rose sharply last year. "The cement market certainly changed for the better in the latter half of 1989," acknowledges Ganguly. "So, now we're breathing easy."

ACC's operating profit this year; at Rs.26.67 crore, is the highest in the last seven years. Its turnover, at Rs.991 crore, has also touched a new record during the year (*see chart*). Capacity utilisation was 94 per cent — the highest in the company's 54-year history. The stockmarket has been quick to react and ACC's Rs.100 equity share shot up to Rs.750 — more than twice the amount that was quoted about a year ago (*see box*).

Real momentum

The sharp change from ACC's fortune this year is no doubt the result of steps initiated by B.K. Banerjee, the previous managing director. But senior executives in ACC emphasise that the recovery process gathered real momentum after Darbari Seth, chairman and managing director of Tata Chemicals acquired a 10 per cent equity holding in the company following a controversial convertible debenture allocation in 1988 and Subrata Ganguly took over as managing director of the company in early 1989.

"Seth's good business acumen (he heads highly profitable companies like Tata Chemicals, Tata Tea) and Ganguly's tenacious efforts to cut down cost and improve efficiency was a deadly combination for the revival of the company," says a senior executive of ACC who has been working with the company for nearly three decades. The basic strategy was simple — "sell off the loss making plants which cannot be made viable and strengthen the remaining by revamping and modernisation," says Ganguly. And Seth who regards Ganguly as the "best corporate manager in the country" is sure that Ganguly and his men have done a good job.

ACC's performance this year is in stark contrast to its plight in 1986. From a peak of Rs.40 crore in 1982-83, the company's operating profit had dipped to a low of Rs.18 lakh in 1986-87 and the once star performer was almost on the verge of being in the red. The company's misfortunes started with partial decontrol of cement in early 1982, which changed the stock position from one of acute shortage to one of surplus around 1985. With the liberalisation in the licensing policy, came a virtual explosion of new capacities. Between 1983 and 1987, capacity in the country doubled to 54 million tonnes (mt) and production to 40 mt. Cement, which had earlier attracted unofficial premium, was now in surplus.

Profits squeezed

Competition grew intense, driving down the price of cement in the free market. Meanwhile, the levy cement (which accounted for a third of the industry's production), was permitted only small increases in price by the government. The cost of production, on the other hand, went up steeply due to regular hikes in the prices of all major inputs like lime-

ACC's plant at Gagal: high profits, smart turnaround stone, coal and power and freight rates. This naturally led to a severe squeeze in profits.

ACC, which should then have modernised was instead left with some very old plants, and hence was perhaps worst affected by the changed situation. Its production cost was one of the highest in the industry. Half its installed capacity of 8.8 mt was under the old wet process, where both energy consumption and manpower requirement are over 25 per cent higher. Thus ACC's average consumption of power, around 145 units per tonne of cement, was about 30 per cent higher than the dry-process average of 110 units. And, the cost of manpower to produce a tonne of cement was around Rs.100 in the case of ACC — about 50 per cent higher than the industry average and almost four times the cost of modern plants.

Despite these inherent shortcomings, the company continued to produce cement from both viable and unviable units production and sales of cement went up steadily and reached a peak of 8 mt in 1986-87 while profits fell to Rs.18 lakh from Rs.8.61 crore in the previous year. The ACC management now under Banerjee finally decided that to salvage the company, costs would have to be reduced drastically as there was no sign of cement prices going up.

The first step was to sell off two large loss-making plants, Silvasa and Dwarka in 1987-88. This made sense as its voluntary retrenchment costs of Rs.4.51 crore and the one-time capital loss of Rs.3.42 crore was more than offset by saved operating losses of Rs.8 crore per annum for these units. Thus in 1987-88, the company was able to earn an operating profit of Rs.6.85 crore, on a turnover of Rs.798 crore, although the one time losses booked meant a net loss of Rs.2.14 crore.

Still depressed

The next year was no better as cement prices were still depressed and consolidation continued. During the eight months ended March 1989, the company earned an operating profit of Rs.2.54 crore on a turnover of Rs.600 crore. In that year, the company had to write off its equity holding worth Rs.7.38 crore in the sick ACC-Babcock Ltd and provide another Rs.79 lakh for the voluntary retirement scheme (VRS). Hence, the net loss for 1988-89 was Rs.5.64 crore.

The situation was now ripe for a turnaround. After providing for these extraordinary expenses in the previous two years, ACC started 1989-90 with a clean slate. There were also changes at the top level. Banerjee, the former managing director, left and Ganguly took over. On the other hand, with Darbari Seth acquiring 10 per cent of the equity capital, Tata Chemicals became the single largest non-institutional share holder of ACC. The year also opened with a bonanza from the government — cement was fully decontrolled. ACC benefited most from this as its levy obligation was as much as 35 per cent of production. Now its entire output was available for the free sale market, where the prices were higher and rising after a good monsoon the previous year.

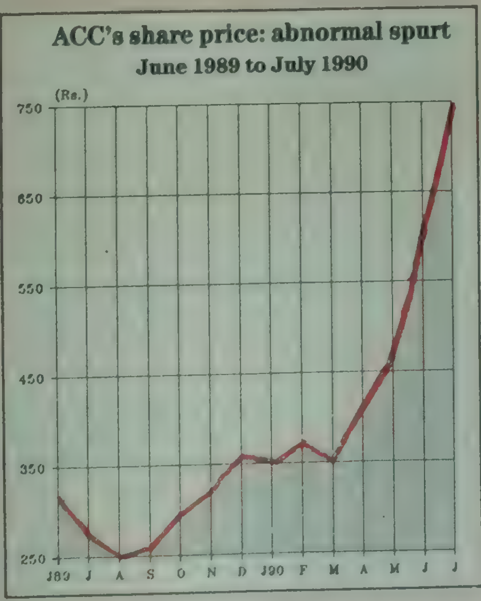
Speculators' favourite

Subsequent to the company's lack lustre performance for the year ended March 1989, and the management's decision to skip dividend, ACC's Rs.100 equity share slumped to the year's low of Rs.290 in mid-May 1989. A year later, the share quotes at Rs.750 — an attractive return on investment by any standard.

What exactly was responsible for the stupendous rise of the ACC stock? Better corporate performance for the year ended March 1990 no doubt played a big role in boosting the share; its low floating stock, estimated at a mere 15 lakh shares then allowed for a strong bull corner, which accelerated the price movement in this counter.

It is believed that a group of bears short sold around 650,000 shares prior to the announcement of audited results at prices that had risen sharply in the pre-announcement period. Some share brokers estimate that a total of 3.2 million ACC shares were sold short, in all markets taken together during this period. This seems plausible given that daily volume in ACC on the BSE for the 2 months preceding 27th June (when its results were announced) averaged 10 lakh shares.

Price skyrocketing. However, this move boomeranged, since the company performed much better operationally then in 1988-89. With cement prices on the rise since September 1989, bulls were quick to sense a corner and started buying heavily on expectations of substantially higher profits in the current year. Two major bulls are believed to have participated, one of whom entered after the announcement of results when the price was Rs.520. Several small speculators have now jumped in, the value of ACC's trades crossing Rs.100 crore on 27th June. All this resulted in the price skyrocketing by as much as Rs.225 within a span of just two weeks in July.


ACC's share price: abnormal spurt
June 1989 to July 1990

Although the BSE authorities have imposed stiff margins on fresh purchases for bulls, even the recent Rs.400 daily margin per share has not deterred them from making fresh commitments. According to a well known jobber, the present uptrend in the share value will change only if institutions resort to heavy selling and not by imposition of artificial measures like higher margins. UTI's move to sell 1 per cent of ACC on 6th July had no effect on prices as it meant that only 55,000 shares were sold, less than 5 per cent of the shares traded in ACC that day. Of course, the volatile political situation will help bears.

Meanwhile, several financial analysts predict that the current year's profits are likely to grow substantially, with net earnings for 1990-91 expected to cross Rs.50 crore or Rs.100 per share. On this basis, its price could well cross Rs.1,200 on announcement of its 1991 results. A truer indicator of the buoyancy in operations would be reflected from the company's first half performance, which should be known some time in November this year.

■ AVINASH GORAKSHAKAR

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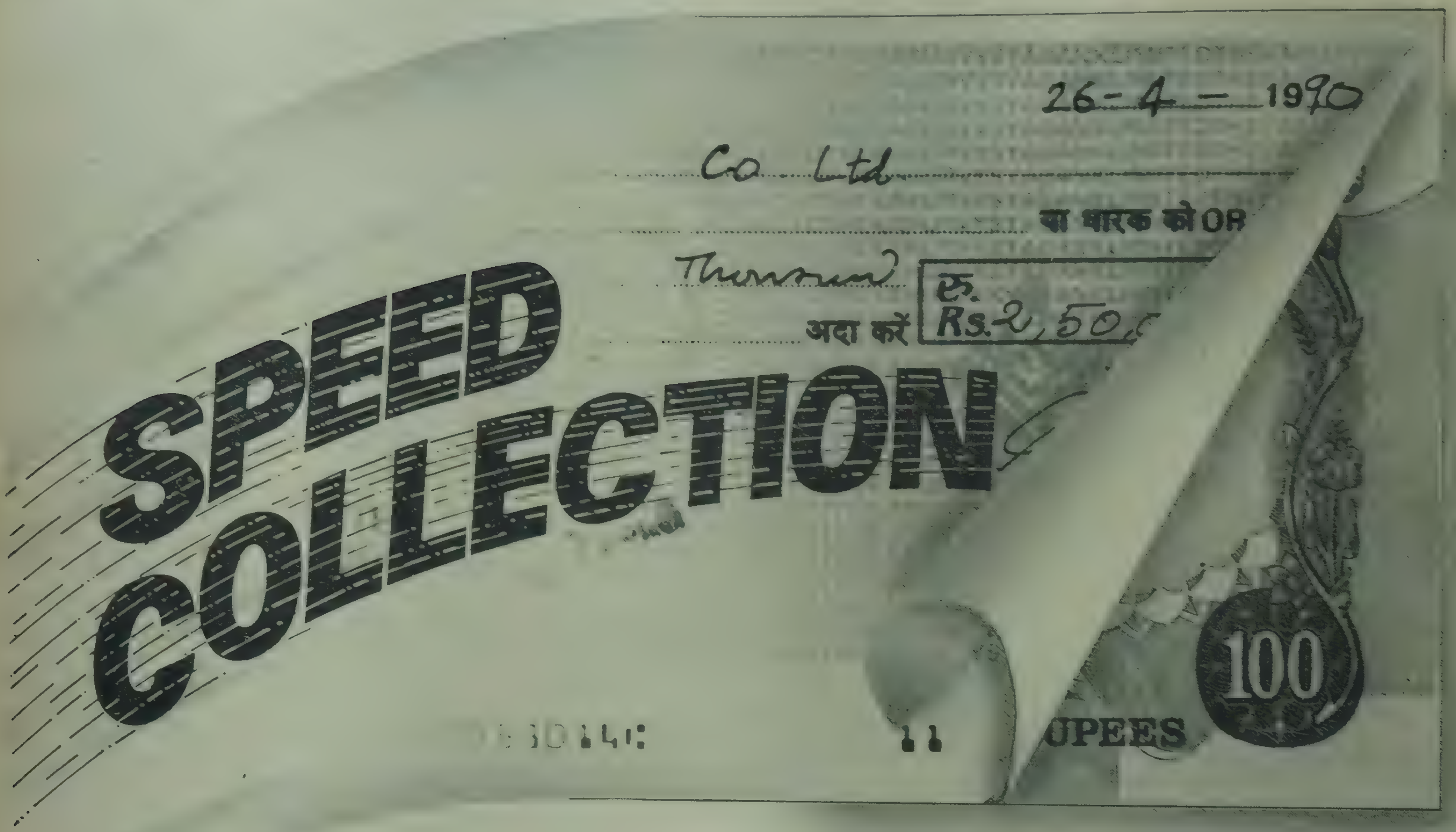
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Meanwhile, under the leadership of ACC and L&T, the cement manufacturers' cartel formed in mid-1988, became more effective as demand firmed and prices started moving up. Since September 1989 onwards, the prices moved up steadily till May 1990 before the government pressurised the industry to roll back its prices (though with marginal effect). In east and north India, prices had moved up to as much as Rs.110 a bag of 50 kg against around Rs.85 in the previous year. In the west and south the prices ranged between Rs.75 and 85 about Rs.10 more than the previous year.

ACC, whose plants are located all over the country, benefited by these regionwise price differences. Its plants in Rajasthan, Haryana, HP, Bihar and MP, which together have a capacity of 4.39 mt (more than half of company's total capacity), thus made good profits during the year, says a senior official of a large cement company.

Higher profits

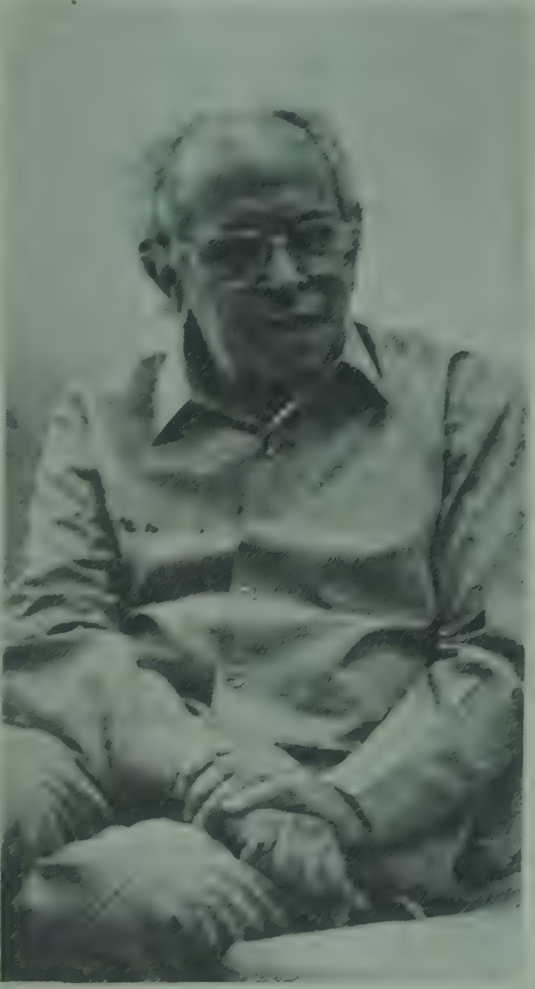
ACC's plants at Gagal in HP and Jamul in MP are believed to have contributed the most to the company's profits. These two plants also largely make Pozzolana Portland cement (PPC) for which the raw material cost is lower (as slag and fly ash are used to partly replace costlier limestone) than the ordinary Portland cement (OPC). In the current sellers' market there is no difference between PPC and OPC prices, the profits from PPC have been higher.

The units in the south (Andhra Pradesh, Tamil Nadu and Karnataka) which were losing earlier, also believed to have made small profits this year. Overall, as per the company, its earnings per 50 kg bag in 1989-90 was Rs.9 more than in the previous year or Rs.133 crore more on total sales.

Better prices apart, a host of other measures taken by the company also paid off. The Madukkarai (TN) unit was modernised — from the wet process to the dry process — and capacity expanded from 377,000 tonnes to 520,000 tonnes at a cost of Rs.42 crore. To achieve higher production and to reduce energy consumption, ACC also revamped its plants. "All these measures resulted in a significant improvement in our operational efficiency by reducing energy consumption and improving capacity utilisation," says Ganguly.

According to M.M. Rajoria, who looks after plant operations, during 1989-90, ACC's power consumption, a significant element in cost, has come down from 131 units per tonne of cement to 124 units. This led to savings of Rs.7 crore during the year. Similarly, a reduction in man hours per tonne of cement from 6.6 to 4.9 has caused some significant savings, says Rajoria.

The company also disposed of four more plants early this year — at Khalari, Kistna, Porbandar and Shahbad — with a combined capacity of 1.06 mt. Unlike last time when ACC lost huge money in selling Dwarka and Silvassa, this time company's book loss was almost negligible (Rs.18 lakh). "I insisted on three things," points out Seth, "no loss on sell, guarantee on no retrenchment of workers and whoever buys will have to buy all the four plants". And Seth's persistance paid off. ACC got 14 crore by selling four plants against only Rs.1 crore from the earlier two plants.


Seth: positive contribution to recovery

More important, it plugged the recurring losses of about Rs.15 crore every year. The company, however, had to provide for Rs.5.34 crore for a VRS for its employees. And yet, after all this, the company made a net profit of Rs.18 crore (not, of course including the proceeds from sale of plants) in 1989-90 as against a net loss of Rs.5.64 crore in the previous year.

The transformation of ACC took three years but the outcome is now abundantly clear: it has sold off six loss making plants in three years and is now left with 11 relatively efficient units. No more unit sales are planned. Its total workforce has come down from 27,258 in 1985-86 to 16,600 now and its wage and energy bills per tonne of cement has also reduced.

Long way to go

Yet, taking all the plants together, ACC's operational efficiency is still well below the level of the new million tonne plus cement plants that have come up after the partial decontrol of cement in 1982. Nearly 40 per cent of the company's installed capacity is still under the old wet process. "There is no time for complacency. ACC still has to go a long way," admits Ganguly, who is pressing ahead.

In the next two years, the company preposes to modernise and expand its two highly profit making units at Gagal and Kymore (AP). With the addition of two new 1-mt plants, the combined capacity of these units will be doubled to 3.2 mt. The company expects to add capacity of another 3.5 mt in the next four to five years. Existing capacities are also being revamped to get more cement out of them at lower costs.

All of this, of course, mean large investments — about Rs.600 crore for the additional 4 mt alone. The company further requires another Rs.68 crore to redeem debentures next year. T.M.M. Nambiar, chief of finance, however, thinks that raising money for expansion will not be a problem. "We are talking to the World Bank for a big loan," says Nambiar. The company should also be able to raise money from the capital market at a good premium, given its current share price.

Nevertheless, ACC's prospects are still delicately balanced on the high price of cement, which in turn depends on the size of demand and supply. The first three months of this year (April to June) have been very good and the company is reported to have already made a net profit of Rs.15 crore. People in the industry feel that the market for cement would continue to be good in the coming years and efficient companies will certainly reap profits. ACC is likely to be one such company. ■

DILIP MAITRA

SU-RAJ DIAMONDS

Bucking the trend

While the diamond trading and manufacturing industry is depressed, this company has been relatively unaffected. A public issue — an industry first — and a reversal of the current scenario augur well for it

Mehta: "time for consolidation"

Diamond traders are an unhappy lot these days. Orders are down, as are margins, by over 10 per cent over the last year. "It's a cyclical phase," claim the more philosophical but they are a minority in a gloomy group.

It wasn't always so. During the last four years, diamond exports from India picked up significantly, recording an impressive 40 per cent annual growth from Rs.1,344 crore (1985-86) to Rs.4,972 crore (1989-90). "The boom could not, of course, last. The rate of growth had been phenomenal. Now is the time for consolidation, which we will see in the current year," says a leading diamond merchant. Fresh buying orders from USA — which consumes roughly 50 per cent of the Indian exports — have fallen and stocks of unsold diamonds are piling up. Meanwhile, the price of imported roughs supplied by the monopoly Diamond Trading Company (DTC) rose by 20 per cent two years ago and 5 per cent last year. As a result, profit margins have fallen drastically from 25 per cent to 15 per cent of sales. Also, the availability of labour in cheaper Asian countries — Sri Lanka, China, Pakistan and Thailand — has further aggravated the recession: manufacturing has begun in those countries.

However, at Hermes House, headquarters of Su-Raj Diamonds (India) Ltd (SDL), one of India's leading diamond exporters, the mood is quite different. "All the Indian exporters will be affected. We will also be hurt but the impact will be less," says Jatin R. Mehta, chairman and managing director of SDL. From 1986, when the company led the way in the diamond community by inviting public participation to its equity capital, to 1990, SDL's average annual growth rate in turnover and cash profits has been 57 per cent and 139 per cent respectively. "However the current year (1990-91) should be a year of consolidation for SDL with a smaller percentage of growth," comments Mehta.

SDL has earned the distinction of being the first diamond manufacturing company to enter the capital market. Forty-five per cent of its equity capital of Rs.10.5 crore is spread among 15,000 shareholders. Financial institutions hold another 5 per cent. There were two reasons for going public: first, given the company's ambitious plans, professional management was needed for which the old partnership firm was unsuited; and second, the government decided in early 1986 that public limited companies would be favoured for licences for importing rough diamonds. In fact, SDL's licensed capacity has increased from 25,800 carats (1985-86) to 93,800 carats (1989-90).

There are three categories of rough diamonds: makeables, sawables and coloured goods. Sawables are fine quality roughs, larger in size and with a higher yield of finished diamonds. They can be finished better since they are easier to cut and polish and are therefore of higher value. Makeables, which are of low yield, are inferior in size and quality and more difficult to handle, resulting in increased material loss. Coloured goods are the cheaper variety used for mixing with other stones of lower value, especially in Japan and America. India has a strong hold on the international supply of makeables as the labour component, which is high, is cheap in the country.

Forward integration

Before going public, SDL had just one modern cutting and polishing factory at Goregaon, Bombay. Subsequently, the company began work at the Santa Cruz Electronics Export Processing Zone (SEEPZ), Bombay, to set up a factory to make jewellery and yet another diamond manufacturing unit. "This project, which commenced operation in July 1988, was forward integration for the company," says Ranjit Shah, a director of the company. The SDL unit is SEEPZ's largest, with optimal levels of illumination and cleanliness. Having established itself, the company's next step was to integrate from cutting makeables and polishing larger diamonds to cutting the higher value-added sawables.

The strong investor confidence the company enjoyed allowed it to come out with a premium rights issue of Rs.25 crore in September 1989 to finance a new unit for sawing diamonds. Till then the company had been directly importing sawn diamonds; hence the sawing project was a case of backward integration. This project, now set up in Jodhpur, Rajasthan, has a capacity of 960 sawing machines, making it the largest such installation in the world.

Given the rising labour costs, it appears essential for India to move into sawables, which until recently was dominated by Israel. Getting into sawables is not as simple as cutting makeables. It requires large investments in hi-tech laser technology. It also depends on the whims

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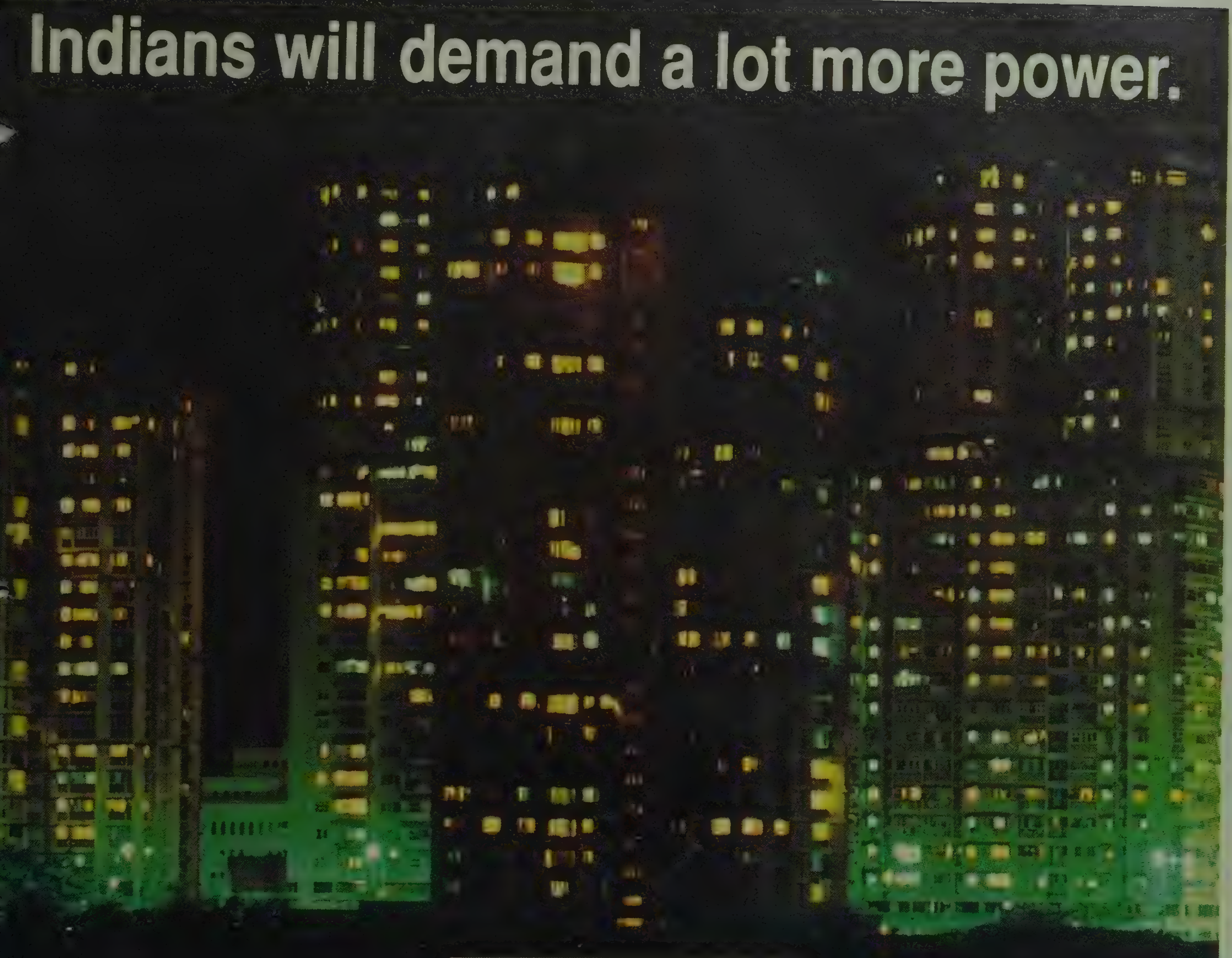
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of DTC and its allocation of roughs to holders made every five weeks (called a 'sight' in the trade). For SDL, the average outgo per sight has been Rs.9 crore. DTC tends to even out quality and the mix of roughs between its different sight-holders (those who are permitted to purchase from DTC) thereby avoiding any advantages these may have. Out of the 40-odd Indian sight-holders at DTC (the largest single contingent), Su-Raj enjoys strong confidence and is one of the three Indian sight-holders to be allocated sawables. Hence SDL's entry into sawables, apart from being timely, is also blessed by DTC's support and has helped it become the largest producer of sawn goods in India.

The company's decision to set up the sawables unit at Rajasthan was at odds with the otherwise highly centralised operating style of diamond manufactures. Labour made the difference. Given the highly unionised structure of the labour-intensive diamond industry, a second production centre at a different location was an advantage. Despite the need for the highest quality of supervision of the expensive raw material and finished goods, the risk of work stoppage due to labour unrest was minimised. SDL currently has around 1,000 workers in three units as well as branches in New York, Tokyo, London, Bangkok, Hong Kong and Singapore.

Out go middlemen

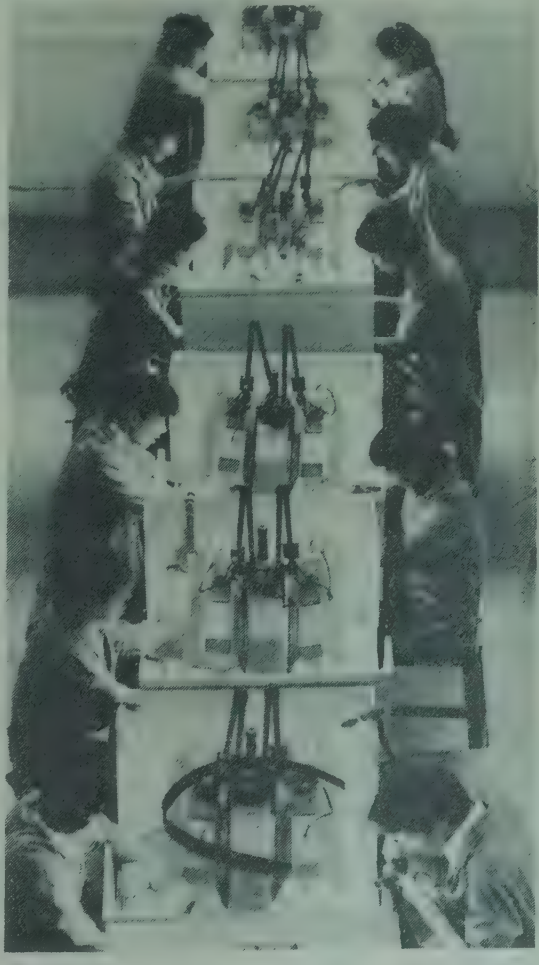
The other advantage that integration has brought is the elimination of middlemen. This has cut costs by at least 10 per cent. Strategically, with a presence in both sawables and makeables, the company can even trade raw materials as international markets change in order to arrive at its desired product mix of makeables and sawables. For the year ended March 1990, just 25 per cent of its production was sawables. "But with the change of preference for larger sizes and better quality diamonds in the European market, this will increase to 45 per cent in the next year with makeables at 55 per cent, as present trends dictate," explains Mehta.

In the present depressed scenario, are mergers and shakeouts likely? "This is a personalised and secretive trade requiring value judgements," says Mehta who believes that mergers are unlikely when larger companies have an advantage. Much will depend on how the market moves. "Everyone's hopes are on Christmas demand," says a leading exporter, who believes the slump is temporary. According to this exporter, there is a second, less well-known reason for the current slump. DTC's contract with Australia to purchase inferior roughs for use in makeables will end in December 1990. Hence DTC is believed to be playing the makeables market in order to keep their price down. This will help it get favourable terms while negotiating the next contract. Nevertheless, SDL's firm footing in both segments will pre-empt any risk.

Quick decisions make profits

Much of the profit in diamond trading and manufacturing is made by shrewdly mixing currency swaps and often involves manipulations as well. A less known but equally important ingredient for success in this industry is quick decision-making regarding credit and purchases. In SDL, besides Mehta there are two whole time directors to take such decisions.

Diamond manufacturing and trading is a people's business and trading is done on the basis of trust. Even the auditors of a company cannot verify the price of a diamond, hence the stock valuation at the end of the year is done on the net realisable value based on a company director's assessment. This is why few companies have gone public and why it is remarkable that SDL has gained its investors' confidence.



Cutting and polishing: the industry's first public issue

Indeed, the company's finances are impressive by all parameters. On a low equity base of Rs.7.69 crore, the turnover for March 1990 stood at Rs.135.31 crore. With the level of value addition static at 20 to 25 per cent for the last five years, the company has been able to increase its profits mainly by concentrating on volumes. The return on net worth, an indicator of profitability, was around 25 to 43 per cent in the last three years (1987 to 1989), and responsible for a healthy 150 per cent growth (annual) in free reserves. The company has recently issued the final call for the partly paid-up rights shares. With this its equity base will rise to Rs.10.5 crore and reserves to Rs.40 crore, bringing its debt ratio to a moderate 60 per cent.

The company's scrip on the stock exchange has continuously improved from Rs.35 (1988) to Rs.110 (1989). Since then, reports that diamond exports were below target together with the company's call for the balance share money drove the price down. It currently hovers at around Rs.60.

Given the expected growth in the consumption of leisure and luxury goods in the international market, SDL's future appears bright. Even the Indian scene has witnessed a sea-change with the liberalisation of jewellery exports and withdrawal of gold control. "India can easily increase its share in the international diamond-studded jewellery segment, estimated to be $40 billion in 1990. While we cut and polish seven out of every ten diamonds in the world, we account for less than 1 per cent of diamond-studded jewellery. This can easily increase," explains Mehta.

"Gold decontrol will ensure tremendous movement," he adds, "It would be equally important for India to maintain an edge over the low-cost Asian centres like Thailand and China. Our major thrust will be to increase the contribution from the studded jewellery division in the years to come. In fact, Rs.50 crore of cut diamonds meant for exports is valued at Rs.200 crore if sent as a consumer package in the form of jewellery. Hence the need for higher value addition. Su-Raj Diamonds has built a large, integrated and diversified manufacturing base able to absorb risk even in a depressed market. It thus appears strategically well placed for the 1990s.

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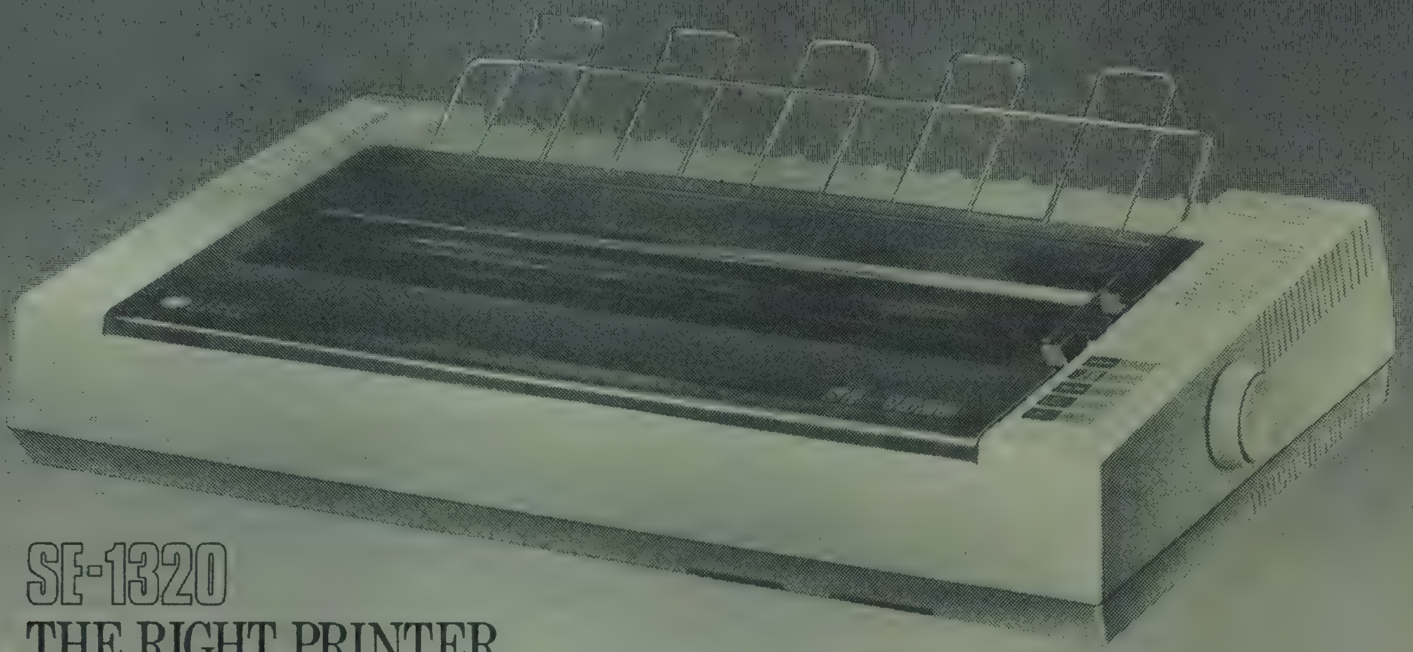

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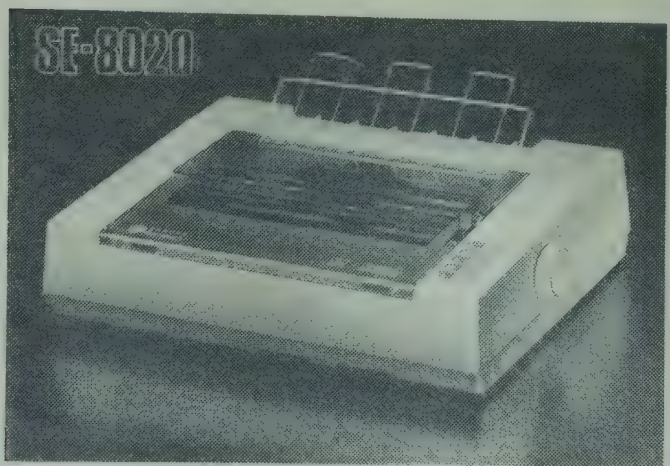

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ICIM

Small is better

Two years ago, the company was struggling to stay afloat. Its only product, mainframes, was not selling. Today, after the launch of a PC range and a sea-change in the company's approach to the industry, its prospects appear brighter

Banerjee: got ICIM back on the rails

Early this month, the Bombay-based International Computers Indian Manufacture Ltd (ICIM) welcomed Ashok Jain as its new president and chief executive officer. When Jain, a marketing wizard from HCL, took over the reins at Magnet House in Ballard Estate, the company's headquarters, he became the fifth person to head the company in as many years. After a period of hectic activity, which also involved a comprehensive post-mortem, it is now up to Jain to consolidate it and take ICIM back to the top slot, where it was until 1986.

ICIM's plant in Pune: into PCs, but the mainframe market is safer

Unlike his predecessor, Sumantra Banerjee, Jain inherits a company which not only earned profits after its first year of losses but also has a healthy management — a far cry from the scene two years ago.

Its product range now covers everything from PCs to mainframes. In the last financial year (ended March 1990), ICIM's sales increased by 66.7 per cent (annualised) from Rs.46.7 crore to Rs.62.39 crore; net profits jumped by 132 per cent (annualised) from Rs.1.24 crore to Rs.2.30 crore. All this took less than 18 months. What brought it about?

A "strategic partner"

In early 1988, ICIM faced an uphill task in the cyclical mainframes market, its only active area of operation. Demand for these large machines was falling and its factory in Pune was idle for want of orders: against an installed capacity of 125 mainframes, it had delivered just two over a year. The rough patch seemed to be unending. A former ICIM manager reflects, "Cash flow was very tight since we were losing Rs.40 to Rs.50 lakh a month."

This was the point when ICL, the UK-based collaborator which holds a 40 per cent stake in the company, decided to look for a "strategic partner" who could bring in the necessary resources to resuscitate the cash-starved company. ICL realised that to stay in the Indian market two changes were vital: first, it would need an Indian hand running the company and second, it needed to diversify into microcomputers and the emerging standard, Unix-based minicomputers. After four months of negotiations, accompanied by much speculation, ICL settled for the cash-rich RPG Enterprises of R.P. Goenka. The latter company came in with an equal 40 per cent stake in ICIM.

Shattered inheritance

For RPG, this was an advantageous entry: in partnership with an internationally renowned firm, it was breaking into what has often been called the 'sunrise' industry. The price, however, was high as it inherited a shattered company. When Harsh Goenka took over as the chairman of the company in November 1988, he found that "there were no controls, it had a lopsided organisational structure, incomplete product range and was in a financial mess (losses stood at Rs.5.87 crore)". Moreover, it was overstaffed by at least 15 per cent.

That ICIM quickly needed a product to cushion its cyclical fortunes in the mainframe market was clear. In an industry that was growing at almost 40 per cent annually, ICIM's sales had actually slumped from Rs.47.43 crore in 1987 to Rs.37.42 crore (annualised) in 1989. Liquidity was another urgent need. Therefore, one of Goenka's first actions was to pump "enough" cash (about Rs.3 crore, according to one estimate) into the company. This was later adjusted in a Rs.5.63-

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crore convertible debenture issue. Also, Sumantra Banerjee was brought in as chief executive. Though a rank outsider to the computer industry, Banerjee had solid experience in marketing at Monsanto and Dunlop.

Given the nature of the computer market, which was overwhelmingly dominated by microcomputers (80 per cent), Banerjee's decision to manufacture microcomputers was an obvious one. Although margins in this segment were low, the high volumes provided exactly the kind of cushion that the mainframe manufacturer — otherwise dependent on erratic repeat orders — needed.

Manufacturing Unix minicomputers was a long-term strategic decision aimed at exploiting the economy's future needs. The same applied to the more sophisticated areas requiring digital and process control systems. "My job was to get ICIM back on the rails," says Banerjee, recounting his early days at ICIM.

He had identified four areas that required immediate attention: the product range, working capital management, the time available for introducing the new product range, and the low staff morale. "New revenue streams were also created," says Goenka, adding that the thrust of the game plan was to fall in line with the industry standard.

Difficult change-over

Helped by STC, LIC's holding company, ICIM tied up with Integrated Micro Products of the UK for Unix-based minicomputers, and with Acer Inc of Taiwan, one of the world's largest computer manufacturers, for microcomputers. However, introducing microcomputer culture in a company traditionally tuned to larger machines was no mean task. A reorientation of the methods and approach of the company was imperative.

ICIM's difficulty in changing over smoothly became apparent when the sleek PS/30 microcomputers were launched late last year. Undoubtedly the machines were of a high standard but, as is the case with all PCs, the number of customer calls were higher than that for the hardier mainframes. And ICIM was not geared to handle this. Had the company dealt with its customer through the dealer network it had created for the PC range, it might have found the going smoother.

Despite these initial hiccups, ICIM's objective — securing a 5 per cent share of the PC market in less than a year — was reached. Some of its first customers were staunch mainframe users. Says CEO Jain, "ICIM's main advantage is its large and loyal corporate base." And, according to Arun Tolani, vice-president, marketing, the company sold 3,000 PCs between November 1989 and now.

Jain modestly says that "ICIM pressured HCL in the PC market". A dealer for Sterling Electronics' Siva computers in Bombay confirmed that ICIM "won the market over mainly because it offered smarter and faster machines and played a good price game by not cutting prices too heavily".

Jain: building the future

But merely introducing new products would have been futile without simultaneously streamlining the company's operations. Says Tolani, who with Banerjee and Thomas Joseph, senior vice-president, commercial, formed the triumvirate which brought ICIM back on the tracks, "There was a distinct need for top-level accountability. Till then the organisation had a loose structure at the top."

ICIM also needed to hire people familiar with the PC market. This meant bringing in new people as well as the exit of older staff. So, while about 40 new people were added to the roster, 120 were eased out under a voluntary retirement scheme costing the company Rs.1.2 crore. Joseph notes that staff reduction has been well managed. "In 1980, ICIM had 1,200 people with a turnover of Rs.9 crore. Today, with a staff strength of 875, turnover has touched Rs.62 crore."

Fortune favoured ICIM last year with mainframe sales rising to 10 units, thus ending a long dry run. In the last fiscal year, the company supplied its S-39 mainframe to customers like BHEL, Border Security Force, Coal India, State Bank of India and the Madras Port Trust among others. The company hopes to earn 40 per cent of its turnover from these machines in the next two years.

But, as Banerjee says, "You cannot have mainframes as your bread and butter. You have to re-position it as jam." Jain feels that mainframes, which currently account for only 12 to 15 per cent of the total computer market, will have a smaller and smaller market since "minis and superminis now do the same job as a mainframe".

New products

While ICIM will continue to battle in the micro and mini segments, thanks to the presence of established players like HCL and Wipro, the mainframe market is safer. The other mainframe makers, PSI-Bull and ECIL, are currently lying low. Meanwhile, ICIM is also strengthening itself by developing its CAD/CAM software and has recently installed mechanised chip mounting methods ('surface mounting technology') at a cost of Rs.1.5 crore.

The answer also lies in new products. Next month, ICIM will launch a new state-of-the-art, Unix-based supermini. "Management of technology and keeping pace with it is most crucial in this field," says Banerjee.

Having diversified so rapidly, the company will probably find it difficult to keep up with the rapidly changing technology in so many diverse areas. The RPG-ICL partnership seems to be working well, with ICL in the backseat and cash flow no longer a problem, but it is the product mix that will probably occupy much of Jain's attention in the near future. A consolidation is likely with a reduction in product lines, although company insiders refuse to speculate on this. It will stick to the strategy that Jain calls "value-added" selling: watch profits and don't let sales increase unmanageably.

All of which is a far cry from the past, and indeed, a considerable challenge for Jain. When asked why he quit HCL to join ICIM, he says, "I like building, rather than growing. HCL was in the process of managing growth but ICIM needs to build its future."

■ RAHUL SHARMA

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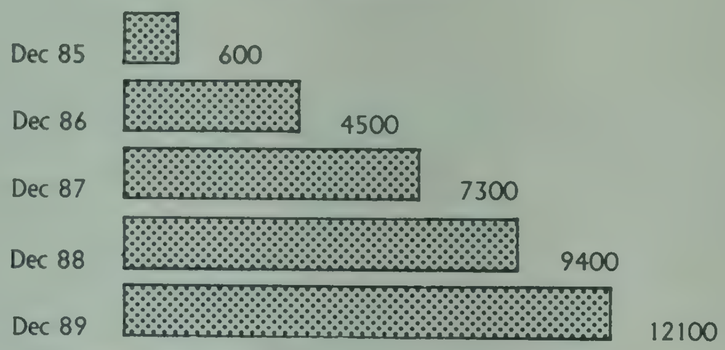

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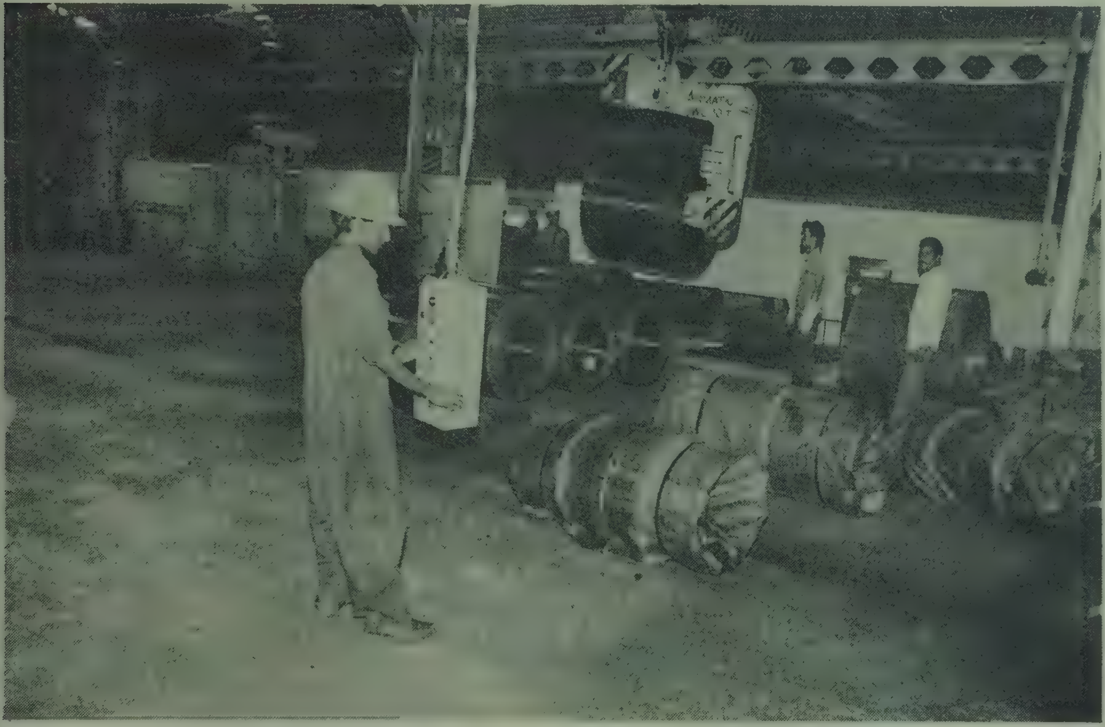


CR strips: higher profit margins

In 1984, R.N. Gupta, head of the Lloyds Steels group, and his sons Mukesh and Rajesh, succumbed to the global excitement about Haley's Comet and optimistically christened their proposed cold rolled (CR) strip manufacturing unit Comet Steels Ltd. And by 1986, the factory had come up at the company's sprawling 25-acre complex at MIDC, Nanded. "We were the first of the galvanised sheet manufacturers to set up a cold rolling company," says Mukesh Gupta proudly.

And a year later, the company went public with 60 per cent of the shares, although the promoters have since raised their stake to 50 per cent. By 1989, the management had announced a 16 per cent dividend. So at the recent board meeting on 22 May 1990, when they recommended a dividend of 17 per cent, the directors had reason to be proud of the company's performance. An increase in turnover from 15.09 crore for the year ended March 1988 to Rs. 67.26 crore in 1990 meant an average annual growth rate of 77 per cent over three years, not only from volume rises (63 per cent) but also from higher value realisations (14 per cent).

Cold rolled (CR) strips, so called because they are steel strips of various widths rolled into coils of specified thickness without heating, are made by processing hot rolled (HR) strips (in turn rolled from steel ingots at very high temperatures). Comet Steels initially produced commercial grade CR strips, a raw material for making galvanised plate/galvanised coil (GP/GC) sheets used for construction and roofings.

French connection

Started with technical assistance and a second hand mill from Uzinor, a French firm, the plant had an initial installed capacity of 12,500 tonnes per annum (tpa). It essentially served as a feeder company for the group's GP/GC sheet manufacturing company, Sipta Coated Steels Ltd, located next door to Comet's factory. "When we started Sipta, we found that all GP/GC sheet manufacturers abroad had facilities to produce CR strips. This helps technical and marketing streamlining, making it easier to meet specific size and cleaning requirements," says S.P. Jain, managing director of Comet Steels and R.N. Gupta's son-in-law. For the last four years, the company has sold its entire output to Sipta, accounting for about 70 per cent of Sipta's requirements.

In 1988, the government, for the first time, allowed backward integration for manufacturers of flat products (as the range of products from HR coils to GP/GC sheets are called). This set the stage for a backward integration programme for the entire group. "We wanted to reduce the interdependence between Sipta and Comet, as it was hampering the individual growth of the companies," says Mukesh Gupta. Comet was committed to fulfil Sipta's raw material needs in a relatively low value added item. But with Sipta having got the permission to produce its own raw material, Gupta and Jain immediately swung into expansion plans.

The company decided to increase its capacity to 50,000 tpa. It also added facilities to improve the quality of its products. Cold rolling, which reduces the thickness of HR strips by pressure, builds up tensions and stresses in the steel, making it less malleable. The commercial grade CR strips Comet has hitherto made is good enough for GP/GC sheets. But for any other industry that involves moulding and shaping steel, such as automobiles, furniture or refrigerator industry, special quality steel is required, for which, sophisticated annealing and skin passing procedures are necessary. The expanded facilities, commissioned in March this year, included a second high capacity rolling mill, annealing furnaces and a skin passing mill for the production of special grades of CR strips. "With all the balancing equipment in place", says M.P. Singh, factory deputy general manager, "Our production line is now continuous, unlike the semi-continuous process we had earlier."

Rights issue

The expansion cost of Rs. 32 crore (Rs.7 crore more than budgeted due to delays) was partly financed by a rights issue in 1989. Another rights issue for working funds of Rs.5.5 crore is expected later this year. "By December 1990, only one third of our output will be sold to Sipta, and over the years the quantity will reduce even further as we concentrate on the special grade steel market." says Jain.

The decision to manufacture special steels is part of the general trend to manufacture import substitutes. Lured by higher profit margins, several CR strip manufacturers have entered this market, including Nippon Denro Ispat and Jindal Strips, while others, like Ruchi Strips and

Uttam Galva, are waiting in the wings.

In line with the increase in turnover, Comet's operating profits have increased by 37 per cent over the last year to Rs. 7.94 crore. Gross profit margins have, however, stayed steady around eight per cent, partly due to spiralling raw material costs, which have risen 110 per cent since 1988. As a result, raw material costs have risen from 73 per cent of turnover to 93 per cent (marginally higher than the industry average) in 1989-90. The market is clearly headed for a slump; hence, special steel makes special sense. While the average market price for commercial grade CR strips is around Rs.17,000 - 18,000 per tonne, special grade strips can be sold at around Rs. 21,000 per tonne. Even after taking into account consequent rise in costs for processing, Jain estimates that the per tonne profit gains will be in the region of Rs.500 to Rs.1,000 compared to commercial CR strips.

At present, around 400,000 tonnes of special grade strips are imported, while the demand for CR strip in the country is around 1.7 million tonnes. The problem is not just capacity shortages but the quality of indigenous output. Notwithstanding Mukesh Gupta's assertion that " We don't need to compete with Indian manufacturers, as we are all trying to break into the import substitute sector, where there is enough room for every one", manufacturers already in the market find the buyers hesitant to switch to indigenous material. Sources at Godrej and Boyce confirm that while indigenous steel is acceptable for applications like cupboards, consumers are unwilling to trust indigenous raw materials for sophisticated requirements like typewriter keys.

Need for quality

Consequently Indian Cr companies face a credibility problem with consumers. "Even if only one batch is defective, our production line gets held up," says S. Sharma, officer, imports, of Godrej and Boyce. Jain, however, is unfazed, deriving inspiration from the protection lent by the declining rupee, the foreign exchange crunch and 100 per cent import duties. Even if the ultra-sophisticated sectors do not buy, he feels that he can aim at valuable target sectors like oil drum manufacturing which do not require high quality special grade strips but are still more profitable than commercial CR strips.

Comet has opted for the import substitute niche for another important reason: the Steel Authority of India Limited (SAIL) has created a glut in inferior quality CR strips and is on its way to doing the same in Comet's current market, supplying lower quality items at prices too attractive to ignore.

Though Jain is talking confidently of orders in the pipeline, Comet's fate will finally be decided in the marketplace by the quality it can provide. An official from a financial institution concurs, "Till now Comet has been producing commercial strips for a captive consumer. Now they will have to be more quality conscious."

To this end, Jain is establishing a quality control laboratory at the plant with special imported hardness testing and quality control machines. "I personally supervise quality control, and we will allow our clients to monitor our quality at each stage," says Jain.

Though Jain is talking confidently of orders in the pipeline, Comet's fate will be decided by quality

Moving out of the protective shadow of Sipta for the first time, Comet has also set up an extensive marketing network alongside Sipta's existing marketing structure, with offices and representatives in various parts of the country. "We will market more aggressively after determining consumer response," Jain asserts.

While Jain is coordinating the nitty gritty of the company's functioning, the Gupta brothers, and their uncle, Babulal Agarwal, also a director, are involved in policy decisions. "Although Jain was not originally a technically trained person, he has a good grasp of technical as well as administrative procedures," says an official from a lender bank.

Observers opine that Jain, who hitherto supervised every aspect of production, is now moving to decentralised management. The workforce however, is still recruited young and then trained. Says Mukesh Gupta, "Trained personnel from competing companies tend, unfortunately, to be more mobile". But this will now change. Expansion means that Jain has had to induct professionals from outside.

Comet now plans to double its capacity to 100,000 tonnes in the next three years. The newly installed mills and furnaces already have the capability to handle higher outputs.

Over ambitious

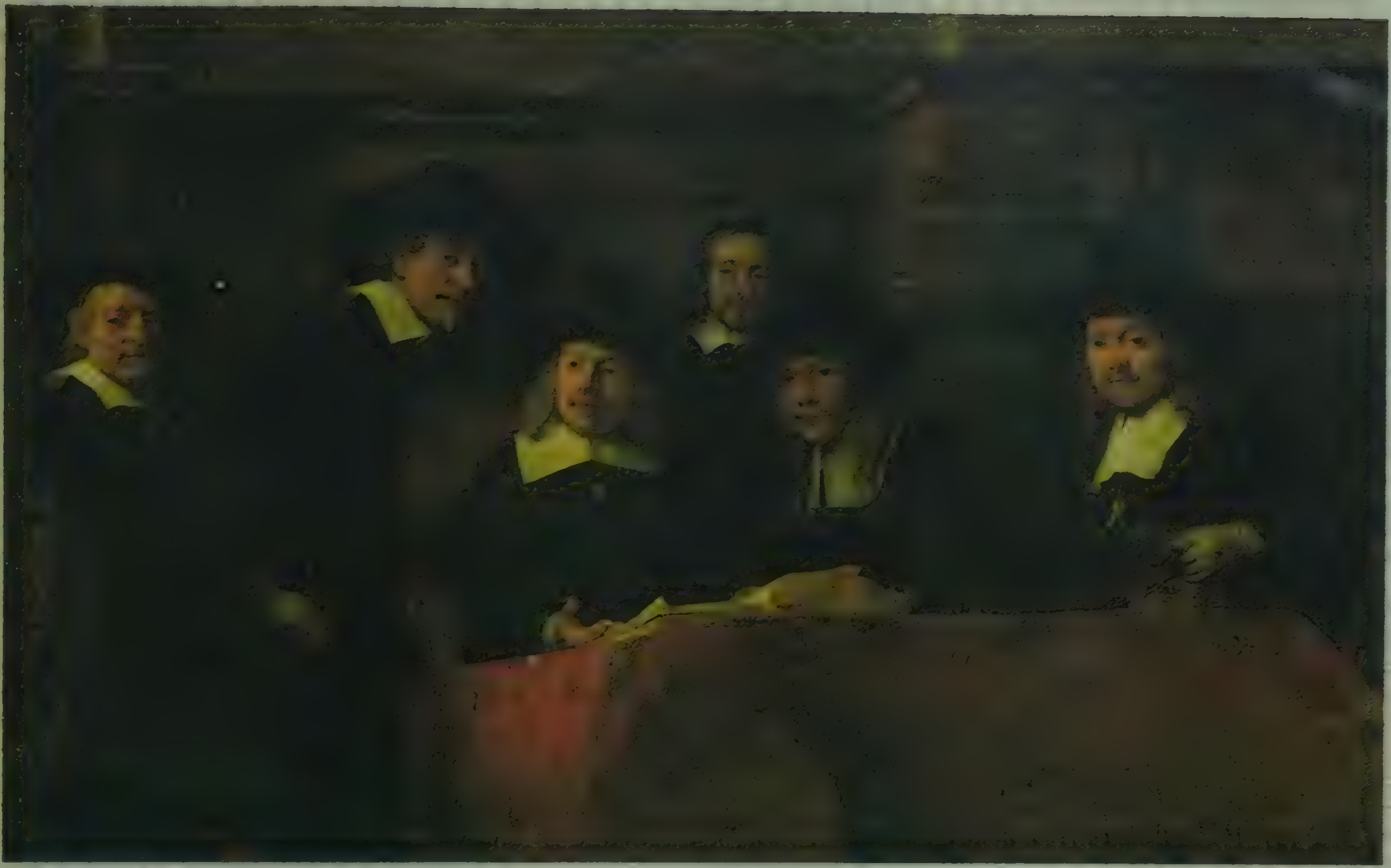
Competitors use the term "overambitious" to describe Comet's expansion plans. With an industry output (1.6 million tonnes in 1990) expected to increase to 2.2 million tonnes by 1991, a glut in the market is quite likely. Unless the government reduces HR coil import costs, or raises import duties on CR strips, even some leading flat product manufacturers are expected to falter. Hence, careful cost control, quality and marketing will be the keys to survival.

A leading steel manufacturer feels that in the flat product' manufacturers' uncharted course ahead, Comet Steels will emerge as one of the survivors. The management's savvy and willingness to be flexible to meet changing demand patterns will help. The industry opinion is that Sipta and Comet are professional companies, though Lloyds Steel, the flagship steel company, still retains traces of the stigma attached to it because of the controversy about alleged Ambani connections. Bankers, competitors and even employees tend to club Lloyds separately from the other two group companies.

Notwithstanding optimistic projections, Jain repeatedly stresses that "We will first consolidate our position in the market before we move ahead". A sentiment that underlines the management's strategy to ensure that Comet Steels Ltd does not turn out to be just another shooting star. ■

SUDESHNA SEN

Research by AVINASH GORAKSHAKAR



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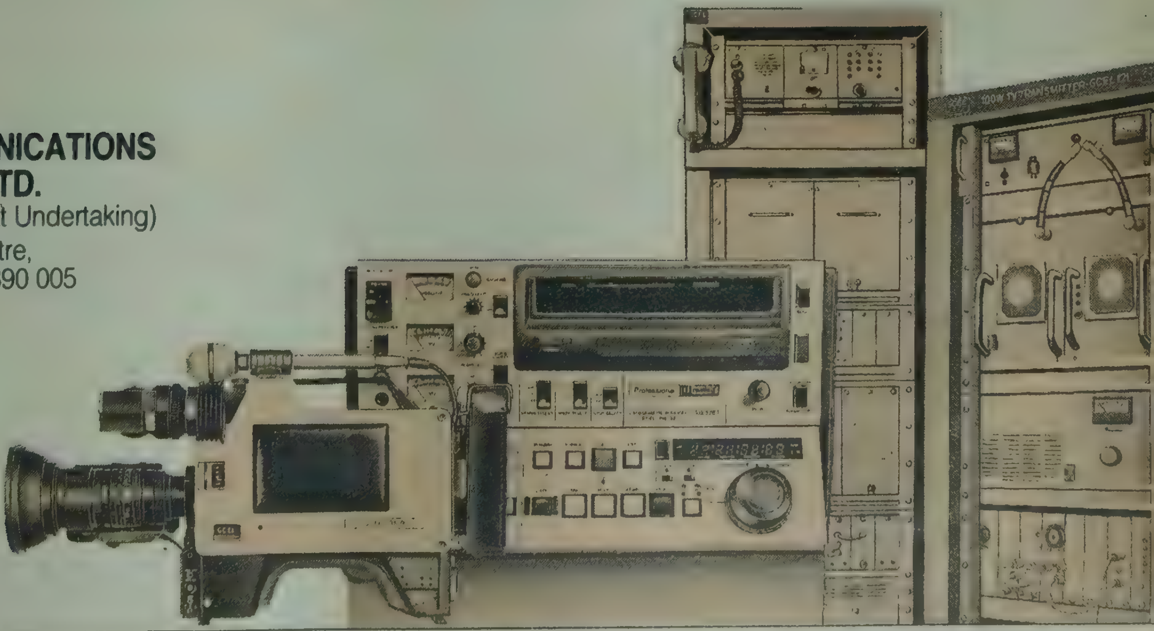

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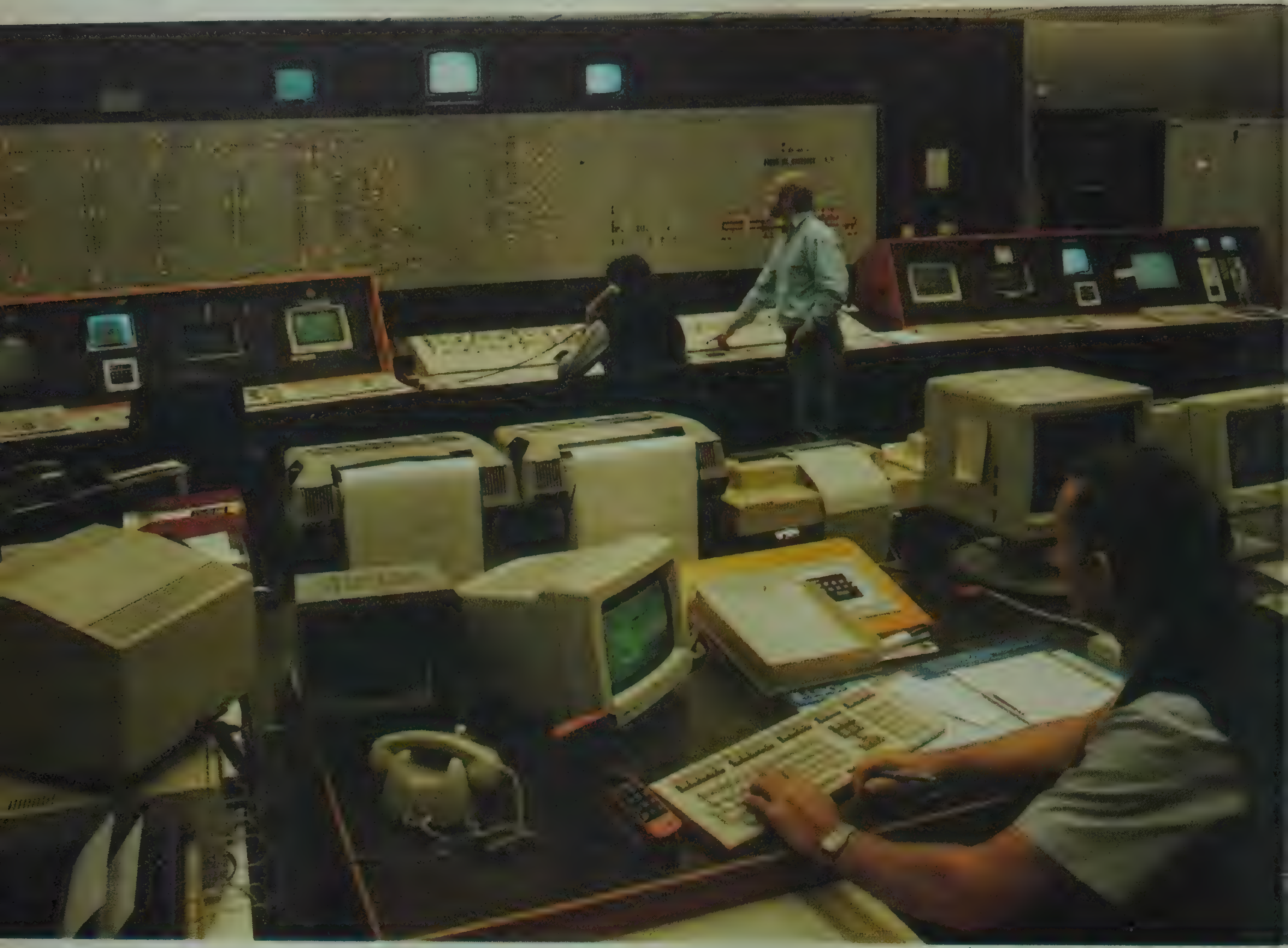

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US TRUCK INDUSTRY

Downhill ride

ARUN MAIRA

The author was till recently executive director of Telco. He is now a senior consultant with Arthun D. Little Inc, Cambridge, Mass, USA

The decline of US heavy truck manufacturers, first in foreign markets and now even on their own turf, has not received as much attention as the losing battle being fought by US car manufacturers. Letters from Mack Trucks' headquarters in Allentown, Pennsylvania continue to go out marked "From the truck capital of the World" and Navistar's trucks still carry the name "International".

The reality is that Mack is now a small player even in its home US market and Navistar sells very few trucks outside the US. GM has sold its Bedford truck division and Ford has passed on its UK truck operations to IVECO. All together, the US heavy truck industry now exports less than 500 trucks per year, or 0.2 per cent of its production.

Of the six manufacturers of heavy trucks in the US, now only three — Navistar, Paccar and Ford — are US owned and managed. The other three are owned or controlled by European companies. Freightliner is a 100 per cent division of Daimler Benz of Germany. Volvo GM is a 51 per cent subsidiary of Volvo of Sweden. Mack is now practically a subsidiary of Renault of France which owns 45 per cent of Mack's equity with an option to convert its loan to Mack; this would increase its share to 55 per cent. Together, these three European-controlled companies have 42 per cent of the US heavy truck market.

Ideal conditions

On first examination, it might appear that the US heavy truck industry should be in a very strong position to compete internationally. It has the largest domestic market in the world with some of the most discriminating buyers — large fleets that purchase 5,000 to 10,000 trucks every year. There is intense competition among the manufacturers. Their suppliers are very large and competitive and are worldwide leaders in their products. Standards of safety and environmental protection imposed on the performance of US trucks are ahead of those elsewhere. A large body of world class research organisations in the US support the development of technologies to meet these standards. Yet the US is not an exporter of heavy trucks.

Perhaps the US truck industry is handicapped in the international market because it has too much of some things for its own good! Even though the US is the world's largest national market for vehicles, with annual sales of around 10 million units, it has plenty of room for them to run around. It has only 296 vehicles per mile of expressway and motorway, compared to 5,689 in Germany and 12,747 in the UK. US heavy trucks continue to be, almost entirely, the long-nosed, "conventional control" trucks that were in vogue all over the world 40 years back. Less than 5 per cent of trucks in the US are of the cab-over-engine, "forward control" types — which have less overall length for the same load carrying capacity — when these rule the more restricted road space in Europe and Japan.

The US has very large manufacturers of heavy truck components. Cummins, Caterpillar and Detroit Diesel make engines and Rockwell, Eaton and Dana make transmissions and axles. These companies are as large as the truck manufacturers who only assembled the trucks; they specialise in their business and are continuously upgrading their products. The only exception is Mack which produces complete vehicles, including engines and drive trains. On the other hand, all European, Japanese (and Indian) truck makers manufacture complete trucks.

Unique features

These two unique features of the US truck industry have given it protection from foreign competitors. At the same time, they have also prevented it from being very successful in export markets. Conversely, when Volvo and Daimler Benz attempted to sell their excellently engineered complete trucks, with their own engines and drive trains, in the US, they failed. The trucks were not the right configuration for the US market. They were not the long nosed trucks US buyers liked, nor did they have the US components which buyers were used to and preferred. Now, Volvo-GM and Freightliner offer US-made components as options on their trucks. In 1991, DB will introduce a new range of medium trucks in the US which has been designed by Freightliner for the US market. Not surprisingly, these manufacturers are steadily taking over the US industry.

The main failure of the US manufacturers was that they did not invest sufficiently in product upgradation, even when most of their models had been in production for over 20 years. Also, they pulled out of markets which could have been retained through a longer term view.

Undoubtedly, it is difficult for US managers to take a long term view with "punter-capitalists" as shareholders and with internal reward systems geared towards short term results. Their European and Japanese competitors have a much more long term view. US business leaders do realise they must take that longer view or lose to foreign competition. The question is, who will take the risk of bucking the system?

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ENGINEERING EDUCATION

'Second level' deserves support

Some time ago, the Department of Science & Technology (DST) sponsored a study on what students of Indian Institute of Technology (IIT), Bombay do when they graduate. This was the first time we got reliable data on the subject. One of the major findings was that about 40 per cent of IIT graduates go abroad for further studies and three-quarters of them settle there permanently. Another important finding was that a very small percentage of them go into research and teaching.

Now another report has been released by DST: "Employment Pattern of Scientific and Technical Personnel: A study on the Competence of S&T Educational Institutions". According to this report, all IIT products do not take up sales and management jobs in the private sector. Of those staying back in India, almost a fifth take up jobs in the central S&T section, central engineering services and the public sector. The report does not classify fresh engineers according to their degrees. So it is quite possible that those opting for the public and S&T sectors are mostly MTechs and PhDs. However, this data does make it clear that IITs make a significant contribution to these sectors.

This study was sponsored by DST and conducted by the Centre for Science, Technology and Environmental Policy Studies, New Delhi. This is the first time we have reliable data on the employment patterns of engineering graduates in "coveted" organisations in India.

Assessing competence

The main objective of the study was to assess the competence of engineering educational institutions in supplying manpower to the coveted job market. The researchers attempted to cover a wide range of employers with a high professional and economic status and a good reputation on the scientific, industrial and corporate front. These employers included the Central S&T sector (BARC, ISRO, CSIR, C-DOT), Central engineering services, the corporate sector (ten public sector and 14 private sector organisations) and consultancy firms (four).

The study reports the contributions of all engineering colleges in supplying engineers to these organisations. This gives us an idea about the 10 per cent most wanted jobs in the country. IITs produce 5 per cent of the engineering graduates and 33 per cent of the post-graduates in the country but their share in these jobs is almost 26 per cent. This shows why there is such a demand for admissions at the MTech and PhD levels at IITs.

However, the most interesting part of the data are the details regarding other engineering institutions. Besides IITs, those which ranked high in providing engineers to the coveted organisations were Roorkee University, Delhi College of Engineering, BITS Pilani, Jadavpur, Institute of Technology BHU, Motilal Nehru REC Allahabad, PEC Chandigarh, VJTI Bombay, Bengal Engineering College Shibpur, and Visvesvaraya Regional Engineering College Nagpur, Indian Institute of Sciences, Jawaharlal Nehru Technical University, Bharathiar University, Poona University and Anna University.

The public sector recruits a significant number of engineers from all the IITs, with Kharagpur supplying the most. Delhi College of Engineering, Jadavpur, Roorkee, PEC Chandigarh, Thapar Institute of Engineering and Technology Patiala and BITS Pilani rank in the top ten.

Unpopular services

IIT products do not opt for Central engineering services in large numbers. These services seem to be particularly unpopular with those in IITs at Madras and Bombay. However, almost half of those who take the examination seem to qualify. This is not true for other engineering colleges. The largest number are contributed by Roorkee, followed by IITs, and a significant number come from MNREC Allahabad, PEC and BHU.

The top ten suppliers of engineers to the "coveted" organisations in the private sector are the IITs, BITS Pilani, VJTI, Jadavpur, IT-BHU and Poona. These companies recruit almost 20 per cent of their candidates from the IITs. Unfortunately the study does not differentiate between those recruited for mainly managerial positions and those doing technical work. Therefore, it is difficult to judge whether the IIT graduates are hired mainly for their engineering skills or not. Anecdotal data from faculty and students would suggest that IITs' contribution to technical positions in these companies may be less than those from other institutions as far as BTechs are concerned.

Another major finding is that Roorkee supplied the largest number of engineers to the coveted job sector. The performances of IITs, BITS, BHU and Jadavpur were almost similar for the overall job sector. About half of all the engineering institutions in the country have a very small contribution to make in this coveted job sector.

Unfortunately the report is not as good in analysis as it is in providing data. Though an attempt has been made to correlate institutional attributes with relative success of the institutions, the analysis would be found wanting by any competent statistician. However, some features do stand out.

Important role

Institutions in larger cities seem to do better than those in small cities; those with a higher percentage of teachers with PhDs and lower student-to-teacher ratios have an edge. Some other findings are very interesting but need further study before we can take them seriously. The size of libraries and per-student expenditure above a certain amount do not seem to influence the success rate of students getting good jobs. But one thing is clear — the institutions considered "second level" (after the IITs) are also performing a very important role in producing engineers for Indian organisations.

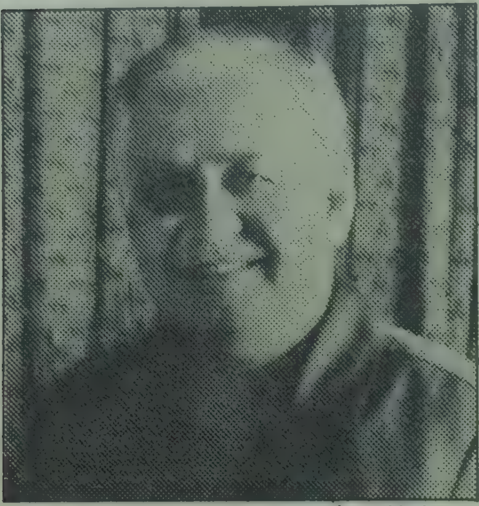
Unfortunately the analysis does not reveal the role of various institutions in influencing technical innovations or strengthening organisations technically. If most of the elite institutions have a large share in providing engineers to "good" employers it does not necessarily mean that the employers are looking for good engineers.

However, it is quite clear from this report that institutions considered second level after IITs deserve much more attention and better support. They may be supplying a majority of the graduates to technical employers. The report claims that higher expenditures per student in IITs does not correlate with the IITs' actual performance. Maybe, IITs should concentrate more on post-graduate and short-term courses and in-service training than undergraduate courses.

■ DINESH MOHAN

The author is State Bank professor of biomedical engineering, Indian Institute of Technology, Delhi

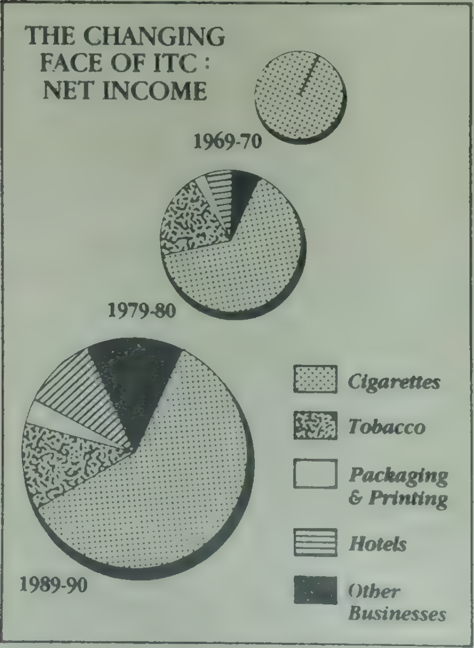
New horizons, new hopes.



Shri J.N. Sapru

THE CHANGING FACE OF ITC

Right till the end of the sixties and the beginning of the seventies, ITC was merely a cigarette company. It was during the seventies which also coincided with the 'Indianisation' of the Company, that the profile of the Company started to change. Your Company entered the businesses of hotels (1974), acquired the Indian Leaf Tobacco Development Company (1975), promoted Bhadrachalam Paperboards Ltd. (1976), and made exports and foreign exchange earnings a part of its business strategy.



This decade, therefore, witnessed both the excitement and birth pangs of creating new businesses. It meant making mistakes and rectifying them. Most of all it meant listening, unlearning and then learning.

The eighties have therefore seen your Company consolidate its businesses started in the seventies first—and then branch out into new businesses with confidence and from a position of strength.

Hence a longer term analysis of your Company's performance is a better measure of your Organisation's health. The gross income of your Company in 1969-70 was a mere Rs. 145 crores. At the end of the next decade in 1979-80, it increased to Rs. 458 crores and 1989-90 saw it grow to Rs. 1827 crores. During the same period, net income increased from Rs. 65 crores in 1969-70 to Rs. 140 crores in 1979-80 and to Rs. 677 crores in 1989-90. The post-tax profits during the same benchmark periods increased from Rs. 3 crores to Rs. 6 crores to Rs. 53 crores in 1989-90. What is, however, even more significant is that today over a third of your Company's net income comes from activities other than cigarettes. Your Company has been transformed from a single-product Company twenty years ago to a multi-product, multi-business enterprise serving the national good in sectors crucial to development and growth.

PERFORMANCE HIGHLIGHTS

It has been a good year with a strong all-round performance by all divisions. **After a 1:1 Bonus declared last year, your Company has recorded a post-tax profit of Rs. 52.62 crores, which is an increase of over 35% on an annualised basis, and has enabled your Directors to recommend a 37.5% Dividend on the enlarged equity after retaining over 50% for future growth and expansion.**

Gross income at Rs. 1827 crores and net income at Rs. 677 crores scaled new heights, recording a 28% and 33% increase respectively over the previous year on an annualised basis.

Foreign exchange earnings at Rs. 146 crores are nearly Rs. 90 crores more than last year and represent a 95% increase on an annualised basis. They also represent 22% of your Company's net income and cover foreign exchange outgoings nearly eight times. To this if you were to add the Rs. 1188 crores paid by your Company by way of duties and taxes during the year, you will perhaps appreciate the full extent of your Company's contribution to the national exchequer. It makes your Company the largest single contributor to the nation in the private sector.

It is heartening to report the progress made by your Company's newest venture in the field of agri-businesses and edible oils. **In a short span of less than two years, your Company's edible oil brands — SUNDROP, CRYSTAL and SUDHAM — have become household names throughout the country and we have not only become market leaders in sunflower oil, but a force to reckon with in other varieties of cooking oils as well. At the same time, your Company's ADARSH brand seeds have received an overwhelming acceptance from the farmers in Andhra Pradesh as a trusted high-germinating seed.**

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After receiving your and the Government of India's approval, under the BIFR package, your Company made the necessary investment of Rs. 119 lakhs to participate as 50% equity holder in the revival of the sick company, located as you know, in the trouble-torn state of Punjab. After considerable hard work and persuasion by your Company, Toshiba of Japan have agreed to take an equity stake in PABL, subject to GOI approvals, and sign a Technical Assistance Agreement, assuring long term association in the onerous responsibility of reviving a sick unit.

With the finalisation of this agreement and the modernisation of production facilities, trial production of button cells and test marketing of all-purpose dry cells have commenced, and the quality is reported to be highly satisfactory.

It is, however, unfortunate that assistance promised by the the Central and State Governments and banks, under the BIFR package, still remains to be made available. This does raise a fundamental issue—whether we are serious about the removal of sickness, whether the present system is adequate and whether revival of sickness can be achieved without all parties playing their designated roles without loss of precious time. I hope the Government will give this matter their most serious attention, enabling productive utilisation of locked-in resources and protecting many possible jobs in the process.

Excerpts from the speech of Shri J.N. Sapru, Chairman, I.T.C. Limited, at the 79th Annual General Meeting held on 6.7.1990.

I.T.C. Limited

EXCISE

The position with regard to our disputes with the Central Board of Excise and Customs, spanning a period of over sixteen years, has been explained in detail in the Report of Directors before you. The status of this issue remains as reported and fresh hearings before the Collector of Central Excise, Delhi, are expected to commence shortly.

I would like to reiterate that your Company has not ever evaded excise duties, nor knowingly transgressed the law. In the opinion of your Directors, your Company accepts no further liabilities in respect of the disputed issues and will continue to take all appropriate steps for their early and satisfactory resolution.

FUTURE PROSPECTS

With a good monsoon in sight, the prospects for your Company can be considered bright, particularly with our major thrust into agri-based businesses.

ECONOMIC GROWTH: A BLUEPRINT

During the past few years, we have been hearing and reading a lot about the advent of the 21st century and how India should approach it—so that at least by the turn of the century we can hold our own in the comity of nations.

However, the most inelastic of all our resources — Time — seems to get converted into the most elastic. More time is getting spent on debating our own artificially created and beautifully articulated dichotomies than on getting down to implementing whatever we have planned effectively and efficiently. The crying need today is not who does it — the public sector or the private sector, the MRTP houses or the large and the medium-sector or the small, tiny and cottage-sector — but who does it well, cost effectively, and in time. Let us for a change close this debate and open the doors to the efficient sector as opposed to the inefficient.

After forty-three years of Independence, we still have nearly half our population living near or below the poverty line. We have seen what the centralised planning of the communist world has achieved. It has succeeded in sending man into outer space but has not been able to provide the mere fundamentals of livelihood — the *Roti, Kapda aur Makaan* — to its people. There are lessons to be drawn from the crumbling of the Berlin Wall and the upsurge of the people in Eastern Europe and the USSR, and in their basic demand for economic performance and political freedom.

The reality is that there are two Indias: one that is industrial, modern and progressive and largely urban, and the other which is agricultural, poor and somewhat primitive and largely rural. Both these disparate socio-economic sectors have to simultaneously develop. Neglect of one at the cost of the other has its own pitfalls. But what is good for the goose is not necessarily good for the gander. Therefore, two different plans, strategies and courses of action have to be simultaneously evolved and implemented, one to revitalise the weaker and impoverished India, and the other to enable India to hold its own globally. Modern industrial India will have to be capital intensive, technology driven, capable of producing quality goods at competitive costs, and not labour intensive if we are to be global players. The solution to our employment problem must be found through the rapid development of our agricultural, forestry and plantations, infrastructure and service sectors where both technology and vast manpower can be gainfully employed.

ITC's STRATEGIES FOR THE NINETIES

It is against this background, that your Company, with its avowed thrust on exports during the decade of the nineties, is setting its strategies and prioritising issues. Our International Business Division is being established for this purpose and your Company intends to be in the forefront of the internationalisation of India.

To this end, we have set up offices in New York, London and Singapore as bases for international trading to assist our export efforts. **We plan to establish more representative centres in strategic international locations. These offices mark the start of our direction for the nineties — that of becoming an Indian International in form and in spirit by developing pride in the label 'Made in India'. This label should compete with the best in terms of international parameters so that, as in all our other areas of diversification, we attain our own corporate goals through serving national priorities.**

Finally, in talking about local issues and trends, we must recognise that the human element will, and must, take precedence over all other considerations. Therefore, even the most sophisticated technology cannot find acceptance if it does not translate into meeting human skills and aspirations. **Your Company will always re-skill and re-contemporise its people so that obsolescene does not happen, and so that the human resource fulfils its role as a multiplier and synergiser of all other resources.** I have mentioned that the nineties will make increasing demands on corporations to be innovative and market oriented. ITC is playing, and will continue to play, a leading role here through all its divisions. We are targetting new horizons and have new hopes not only for your Company but for our country as a whole.

This does not purport to be a report of the proceedings of the 79th Annual General Meeting.

For the full text of the speech,
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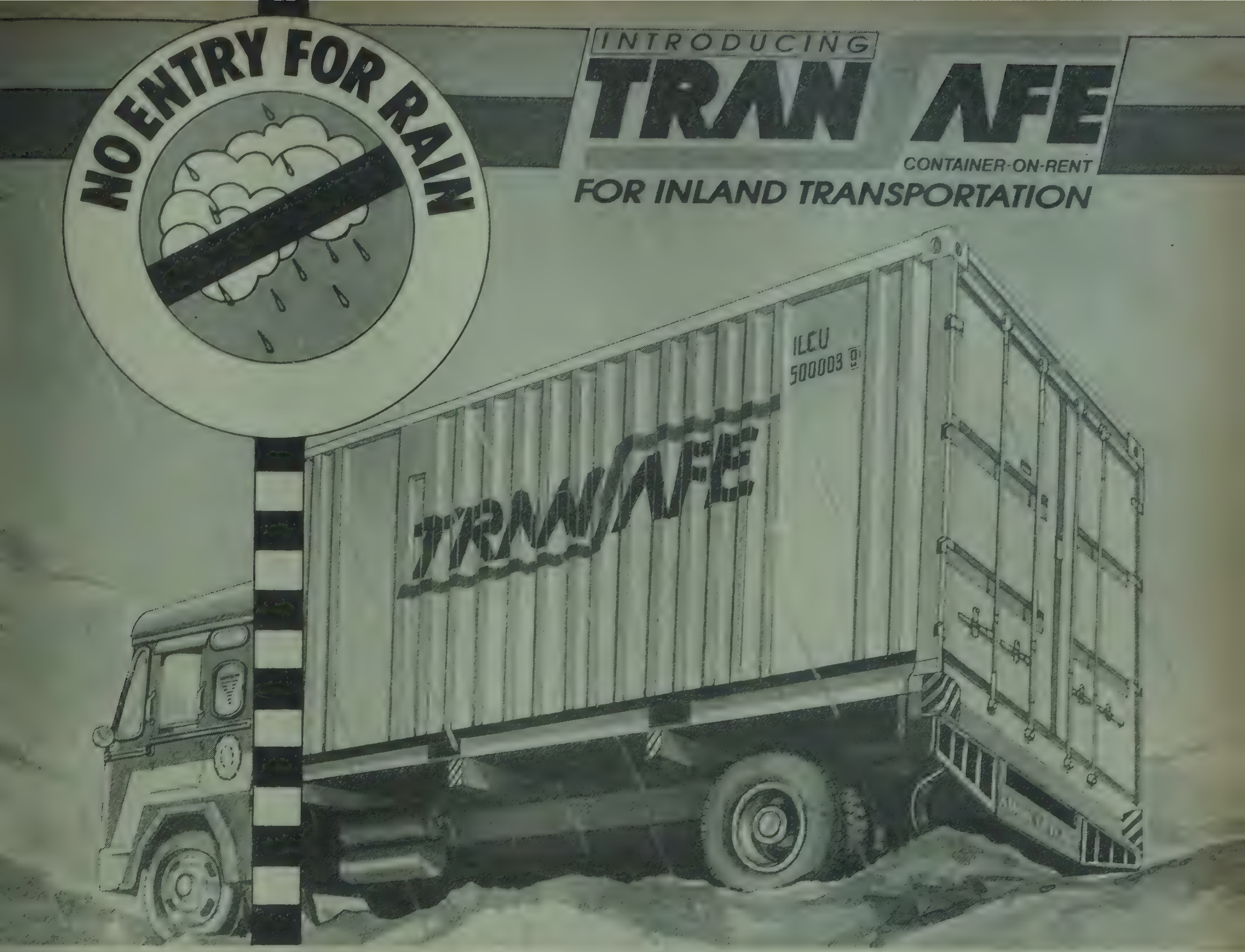

Balmer Lawrie brings you India's first weather-proof, pilfer-proof, breakage-resistant, cargo containers on easy rent.

Imagine a container that will stop the rains from damaging your goods, minimise breakage and give highway thieves a very tough time. What's more, you don't even have to buy it. Just drive into any of our depots and take it on easy rent. As Easy as That!

Yes. Containerisation is a concept that has revolutionised transport industry in developed countries. Now Balmer Lawrie brings it to India for the very first time. Made from steel and reinforced with corrugation and profile and with special lashing arrangements, Transafe guards your goods against possible damages on the Indian roads. Also the door gaskets serve as a perfect sealing arrangement and ensures that the severest of storms do not damage your goods. Transafe suits your specific needs according to the kind of products you carry. Transafe delivers your goods—SAFE.

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Balmer Lawrie & Co Ltd
(A Govt. of India Enterprise)
Container Leasing Division
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Tel : 20-6871 (18 Lines) Fax : 28-3768
Telex : 021-7435 & 021-2341 BLCA IN

- Convert any existing truck with minimum investment.
- Pay a nominal rent of only Rs 90/- per day.
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TRANSAFE
CONTAINER ON RENT

Moves ahead with security
Moves ahead with care

बीएल

AsiaSat I: the world to your home

SYLVESTER DA CUNHA

An incredible phenomenon is about to drop out of our skies — Pan-Asian television. From early 1991 (that's a few months from now) any Indian who can afford a small satellite "dish" may attach it to his TV set and receive a non-stop 6-channel carnival of news, sports, films, music and general entertainment.

Is this just another pie in the sky? Not if very reliable reports from Hong Kong are to be believed. An Asian communications giant, Hutchison Whampoa, is shortly to press the button on an immense satellite network stretching from Japan to Iran. The powerful satellite dubbed AsiaSat I is already in space above Singapore. It has been placed there by an unlikely consortium of hard-headed investors in partnership with the Chinese government. Some sections of the satellite's capability will be leased by the governments of China, South Korea, Bangladesh and Burma to transmit TV programmes within their national borders. But Hutchison plans to utilise the satellite's unutilised capacity to beam international programmes across the length and breadth of the Asian land mass.

No more monopoly

While this may come as glad tidings to advertisers, governments will undoubtedly be dismayed. It will wrest monopoly control from the grasp of the ruling powers and free the airwaves for individual and commercial initiative. In India, the lofty debate about Doordarshan's autonomy will seem theoretical given the threat of the tele-invasion. From Kashmir to Kerala and from Bengal to Bhuleshwar, any TV owner with around Rs.7,500 to spare could install a dish and aim it in the direction of AsiaSat I to let the world into his household. The width of the dish is around six feet, but a new two-foot prototype is already being tested in Europe. Given Indian ingenuity these could soon be locally produced.

As any friendly boffin will tell you, a communications satellite (like Insat, for example) can have three applications: long-distance telephone systems, data transmission and television signals. The scope of a satellite's "shadow" is invariably confined to a specific country. AsiaSat I is the world's first transnational television network which will crash national barriers. Although Hutchison may bruise a lot of international rules and regulations, they seem likely to get away with it. Presently, a UN-sponsored body in Geneva supervises satellites. According to a 1982 UN resolution, satellites are not supposed to be employed for "cross-border" transmission. But Hutchison's operation will exploit the fact that the UN body has no enforcement mechanism.

When AsiaSat I starts beaming to India, the government will certainly attempt to block it. But while short-wave radio frequency can be jammed, this is not possible with TV satellite signals. Doordarshan may also seek to ban the sale of satellite dishes but this could infringe an individual's constitutional right to information. About 15,000 dishes are estimated to be already installed in India. The AsiaSat I dish may soon become the new status emblem. Anywhere near a million of them are estimated to go up. It may not seem much in a population of 20 million sets, but in the eyes of advertisers, this elite represents the major consumers of goods advertised on TV.

Continental coverage

Global marketers active in Asian countries would leap at an opportunity to advertise their brands in a single medium that provides continental coverage. They would welcome the efficiencies of scale which permit them to cut back on single-country ad budgets. In this situation, DD could stand to lose many of its multinational clients. It may be forced to revise or scale down its ad rates so as to attract medium-size Indian manufacturers who till now could not afford television advertising. The satellite will provide added clout to multinationals active in the Indian market. It could additionally create a tidal wave of demand for brands presently smuggled into the country.

Since the Hong Kong sourced programmes will be in English, it may limit their popularity with Indian audiences. India's advertising community will, however, welcome the prospect of coming under a Pan-Asian umbrella. They will be able to study international quality commercials as part of a day's standard viewing. Although Indian film-makers are rapidly improving their expertise, they have a long way to go before they can catch up with their Asian neighbours — particularly with the filmic finesse of Japan and Australia.

Continental television is certain to be the electronic comet of the nineties. The sooner our Indian marketers capitalise on this new opportunity the better. AsiaSat I will cater to a large population of overseas South Asians. It will open doors to Indian exporters to sell their goods on a transcontinental scale.

Advertisers across Asia are about to confront similar challenges to those in the European Common Market. They will have to learn to devise communications that will appeal across national and cultural frontiers. The "global village" is a reality. We will have to radically modify how we look at the world and at ourselves.

The author is chairman, daCunha Associates Pvt Ltd

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No more fights between ink and gravity. No more friction between paper and metal. Introducing Camlin Premier. The perfect fountain pen crafted with precision German technology.

A pen designed to add character to your handwriting.

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Pick a Premier. Gift a Premier.

You can't express yourself better.

You can be the proud owner of a Camlin Premier within 4 weeks. Just mail this coupon now.

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[______] Pens in Jet Black • [______] Pens in Rich Maroon.
My demand draft. in favour of CAMLIN LTD. for
Rs ______ @ Rs 295.00 per pen is enclosed.

[ ] Please let me know about Camlin's special schemes for corporate o

Name : Mr/Ms. ______

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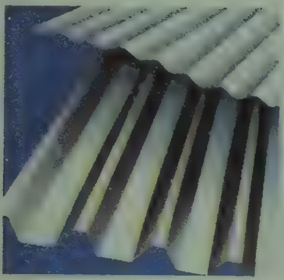
CS/

camlin

PREMIER

How a little applied geometry can redefine industrial architecture

RY OF THE '90s



Industrialists, technocrats, entrepreneurs ! You're always thinking up new dimensions, new perspectives for your industry of the future. And, for these very visionaries of the '90s, comes Indal Aluminium Cladding Sheet.

State-of-the-art secrets

A unique trapezoidal trough design and a little applied geometry assures far greater structural rigidity. By contouring more aluminium within the given standard width of sheet. And combining strength with aesthetics to redesign industrial architecture. What's more, everything about it is state-of-the-art.

Vested with valuable benefits

- LIGHT : One-third the weight of CGI and one-seventh that of ACC sheets. Imagine what you save on transportation, handling and speed of erection !
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- OPTIONS : Available in cut-to-length sizes in two profiles — Industrial Troughed and Circular Corrugated. Also in two surface finishes — Plain and Stucco Embossed.
- IMAGE-BUILDER : Distinctive appearance enhances the architectural beauty of any factory, giving it contemporariness. An additional dimension to corporate image.

Indal Aluminium Cladding Sheet. By the innovator-leader. Because you're not just setting up a plant. You're redefining the industrial environment.

For full details, mail the coupon below to any of our offices today.

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ALUMINIUM CLADDING SHEET

INDAL

INDIAN ALUMINIUM COMPANY, LIMITED

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I'd like a first-hand look at Indal Aluminium Cladding Sheet.

Name
Designation
Company Name & Address

(Attaching your business card to this coupon will also suffice.)

BI 3

1915 – 1990
UB 75 JUBILEE

Portrait of a 75 year old

Pharmaceuticals and petrochemicals. Processed foods, polymers, electronics and energy products. Engineering, telecommunications, paints and biotechnology. That's the business portfolio of The UB Group today. A group that began 75 years ago as one brewery. The pace of growth and diversification has been accelerated by the Group's accent on technology. A corporate guideline that has helped the Group contribute significantly to every field it has entered. Revolutionary diagnostic systems and remedies. Petrochemical substitutes for natural raw materials. Restandardising old engineering equipment to near new standards. As India's leading multinational, the Group has

PHARMACEUTICALS
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LIQUOR/BEER
PETROCHEMICALS

POLYMERS
BIOTECHNOLOGY
ENGINEERING
FOODS

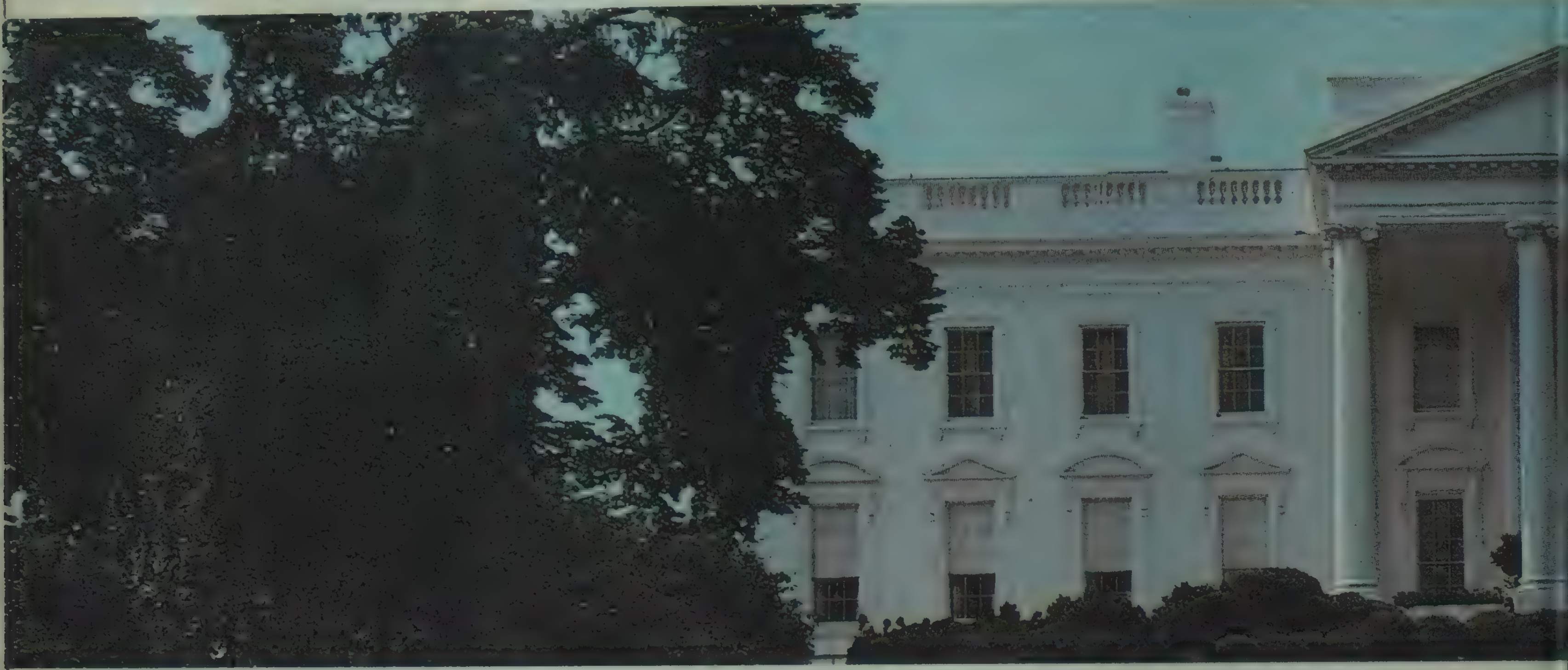
eer and liquor company

achieved a track record for excellence even abroad – operating in 26 countries around the world– through its association with the Jenson & Nicholson Group. Backing this drive is the financial prowess of a Rs. 14 billion group; access to the best technologies the world over through collaborators; and the power to constantly break new ground through the R&D activities of the **Vittal Mallya Scientific Research Foundation.** On its 75th anniversary, India's fastest growing industrial conglomerate looks forward to the opportunity to take India into the 21st century.

ENERGY PRODUCTS
RESEARCH & DEVELOPMENT
ELECTRONICS & TELECOMMUNICATION
EXPORTS

THE UB GROUP
IN PACE WITH THE FUTURE

ONE OF THE MOST POWERFUL REASON
CARRIER AIRCON AIR CONDITIONE



Carrier air conditioners cool the residence of the U.S. President.

Now in India Carrier Aircon launch the Mistral. An air conditioner designed and built in the classic Carrier mould.

Take a closer look at what the Mistral offers.

The Mistral is the quietest air conditioner in India by virtue of Carrier Aircon's precision engineering.

A programmable timer switches it on or off at pre-
hours. Swivelling louvres deliver cool air precisely whe
you want. A slide-in, slide-out filter makes routi
maintenance effortless. A superb, power-savi
compressor could slash your electricity bill by upto 25
And should the need ever arise, the personalised service

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THE STORY OF CARRIER IS THE STOR

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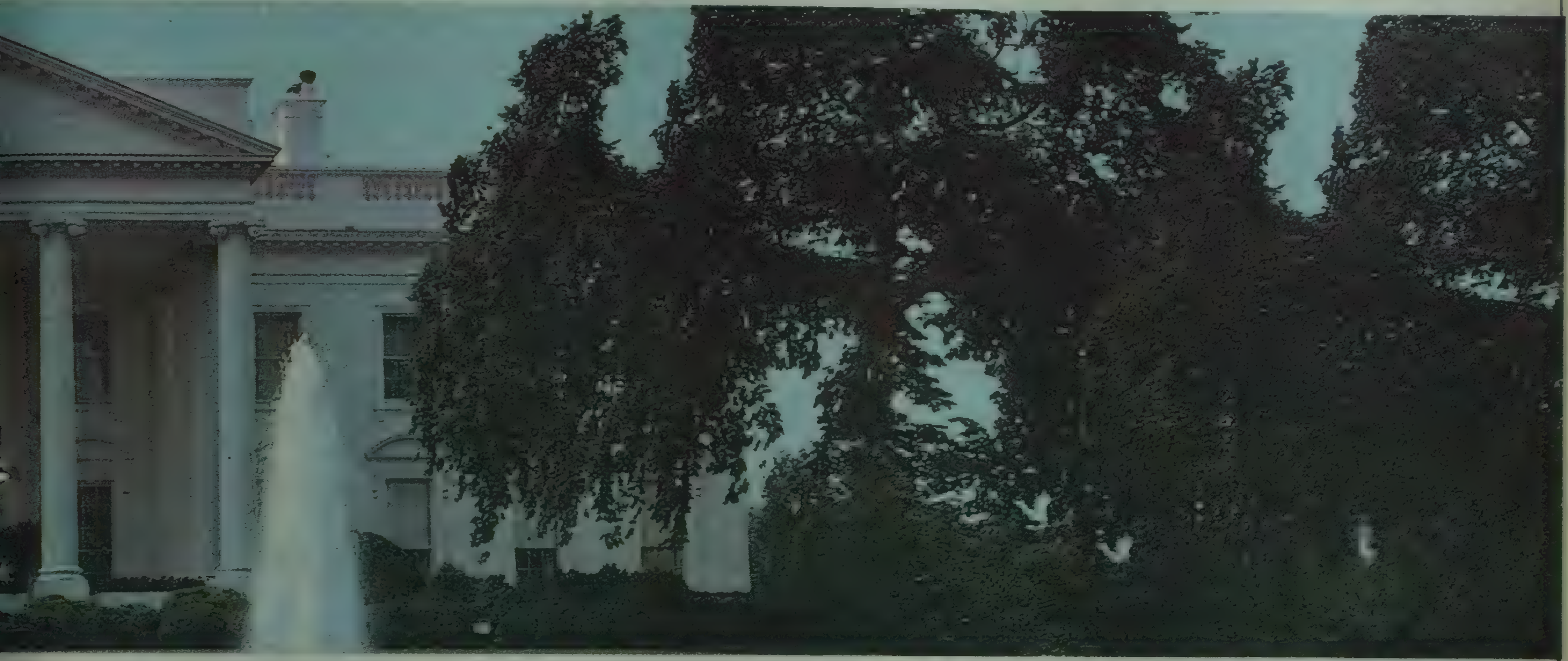
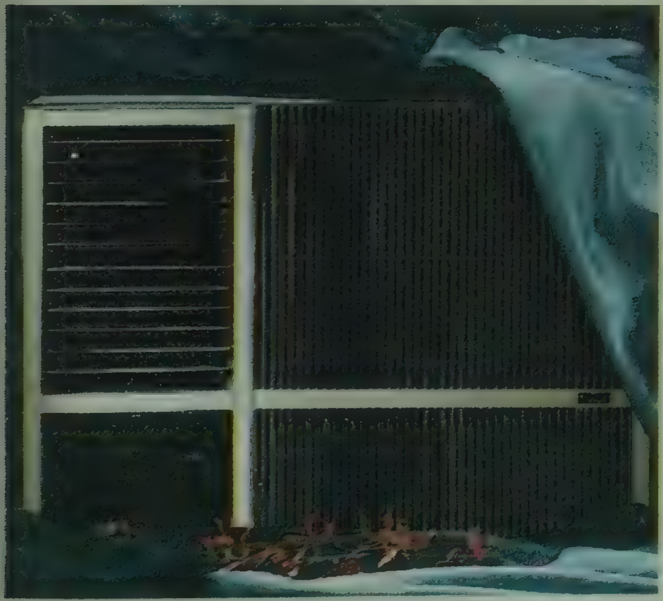


The White House, Washington D.C.



The New Mistral. The quietest air conditioner manufactured in India.

your 'Carrier Man' is always on hand.

But, beyond the Mistral, there's really much more to what Carrier Aircon offers. Be it the robust 'Alpine' power saving air conditioners; the widest offering of advanced multisplits in India; efficient fan coil units; superior air handling units. And a steady range of new products to follow.

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A three hundred year old city. And a hundred year old hotel. Imbued with the charm of the passing years. And furnished with modern conveniences.

A hotel that has played host to kings and queens. To royalty, crowned and uncrowned. From the world over. Who have stepped into its portals and fallen under its spell. To return again and again.

To the jewel in the East. The Oberoi Grand.

The Oberoi Grand
CALCUTTA, INDIA
Because you deserve the best
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GO COOL vs VADILAL

Cold war hots up

Though they may bear the same family name and deal in identical products, relations between the owners of Ahmedabad based Dharmendra Ice Cream Ltd and the makers of Vadilal ice cream, are distinctly cool. Ever since last year, consumers in Gujarat who account for the Rs.40 crore ice cream market in that state, have been witness to an escalating cold war. It is Gandhi vs Gandhi; or rather: Go-Cool vs Vadilal.

Warring tactics, so far restricted to home turf and manoeuvrings in the marketplace, moved a step further last month, when Go-Cool put out an advertisement claiming that with sales of Rs.20 crore and a 4,000 dealers' network, their ice cream had scooped up a dominant 55 per cent market share in Gujarat. According to managing director Dharmendra Gandhi, Gujarat alone accounts for sales worth Rs.16.5 crore. Sailesh Gandhi, managing director, Vadilal calls this a misinformation campaign. "Go-Cool's tall claims have hurt our business interests and our dealers are up in arms against us. We have now been compelled to take suitable action," he declares. And the remedial action that Vadilal has thought fit to take was to approach the Advertising Standards Council of India.

Matters took an altogether unwholesome turn when a dossier prepared by one Sohan K. Patel outlining Dharmendra's alleged financial misdeeds was despatched to newspaper offices. Navin Gandhi of Dharmendra is convinced that this defamatory move has been initiated by their competitors.

A fierce marketing battle has been raging between the two ice cream makers ever since June last year when Go-Cool went into the market. What perhaps took Vadilal unawares was the speed at which Go-Cool put its act together. The project itself, says consultant Maruti Joshipura, went on stream within four months after it was flagged off in January. Thereafter, it was only a matter of devising the right marketing mix.

One-up strategy

The new ice cream colours for the summer of 1989 were saffron, green and red. They heralded the launch of Go-Cool ice cream in all of 117 flavours. "This wide range was the basis of our one-up strategy vis-a-vis our competitors," says C.R. Sarma, general manager, marketing, Dharmendra. The choice of ethnic colours and flavours as also the brand name had been carefully thought out to evoke the right response. "The name Go-Cool would be associated with Lord Krishna and his love for dairy products amongst the rural consumers and that of a cool refreshment by the urban elite," explains Navin Gandhi.

The packaging too was innovative. Instead of one litre packs, Go-Cool offered squarish re-usable plastic cups that, at an affordable Rs.5, would encourage trial purchase. The most crucial element, as industry observers say, to the key to Go-Cool's success was their rapid fire pace. An extensive dealer network that ensured both market coverage and penetration was swiftly established, first in Ahmedabad and then moving into the interiors. "Our strategy," explains Sarma, "was to simultaneously launch new outlets in three diametrically opposite directions. We spread our manpower thinly to ensure our team's presence in the field." The fact that most outlets were strategically positioned cheek-by-jowl to Vadilal's helped them to begin whittling away at their competitor's market.

Fun and frolic

A high profile advertising campaign (budget: Rs.1.8 crore) emphasising on fun and frolic pulled consumers to Go-Cool's counters. Behind the scenes, Dharmendra was working overtime at exerting dealer push. New dealers were systematically wooed by offering better margins of 23 per cent against the existing 20 per cent. As a further incentive, some of the more strategically located large dealers were provided with complimentary deep freezers. According to Dalip Singh of Raja Icecream Parlour at Ahmedabad, who until June 1989 was one of Vadilal's largest and most prestigious dealers, "The main reasons behind my shift in loyalty was the declining quality of Vadilal's products and a better dealer margin offered by Go-Cool." According to Singh, after losing several of its existing dealers, Vadilal too increased dealer margins to about 25 per cent.

Go-Cool's competitors, however, allege that the group played a no-holds-barred game offering dealer margins as high as 30 per cent and sometimes even cash incentives. The high cost of such operations, according to them, cannot be sustained on a long term basis. Thus, as Sailesh Gandhi explains, "The ice cream business is characterised by an almost euphoric initial consumer response to the launch of a new product. This gradually plateaus and correspondingly, sales also take a dip."

GO COOL
ICE CREAM
Go-Cool: aggressive pitch, quantum leap in sales

Kalpesh Patel, a dealer for both Go-Cool and Vadilal, confirms this. According to him, after the initial high sales of Go-Cool ice cream, the new product is running a close second. Market reports indicate that Vadilal continues to hold sway with a 65 per cent market share — a dip from the 80 per cent of the pre Go-Cool days. Vadilal's dealer network is 7,000 strong with as many as 1,300 in Ahmedabad. And production figures bear out their claims. Go-Cool produced 4.1 million litres of ice cream to Vadilal's 5.4 million litres in Gujarat alone.

As Singh says, "To dislodge a 40-year-old product within a span of one year is rather an impossible task." But Go-Cool hopes to maintain its aggressive pitch as Navin Gandhi talks in terms of a quantum leap and sales of Rs.50 crore. Go-Cool has already ventured out of Gujarat into Maharashtra, Rajasthan and Madhya Pradesh. This is a world comprising of big league players. The toughest part, as Sarma rightly predicts, will be to consolidate the initial gains.

■ NEERA SETHI

PRODUCTIVITY AND GROWTH

EXCERPTS FROM THE
SPEECH BY THE CHAIRMAN,
MR K. L. CHUGH,
AT THE 44TH ANNUAL GENERAL
MEETING, ON 3RD JULY, 1990,
AT CALCUTTA.

Mr K. L. Chugh

On an annualised basis, **pre-tax profit at Rs. 570.75 lakhs has spectacularly improved by 107.6% and profit after tax at Rs. 477.75 lakhs by 188.9%. Sales volume has increased by 17.1% and sales turnover by 42.5%. Capacity utilisation at 126% improved by 21.3%. Your Directors are, therefore, pleased to recommend a final dividend of 17.5% for the year, in addition to the 12.5% interim dividend paid earlier, a total of 30% representing an annualised increase of 67% over the previous financial year.**

It is obvious that something 'electric' is happening within your Company. Very often what goes behind the scene—the thinking, the strategies, the vision, leadership by example, mutual learning, team commitment to go at any problem, search and research on technologies, and finally the sheer willpower to succeed — do not find a place inside a balance sheet. Let me share with you some of the data relating to the productivity movement in your Company that is leading to steady growth.

'Plant availability improved by 7% as a result of plant health improvement programme. Machine efficiencies improved from 3% to 50% on different products. Waste reduction from 18% to 11%. Energy conservation per unit of output from 3188 KWH to 2633 KWH. Employee cost as percentage of net sales realisation from a dismal 17.5% to 11.5%. Home pulp production increased by 140%. Value addition increased from Rs. 1207 lakhs to Rs. 1908 lakhs. Quality assurance. Assurance of service. Concern for environment, pollution, safety, housekeeping, health.' Committing itself to the self-propelling route of productivity, the performance of your Company has been remarkable, even dramatic, but it is no time to 'rest on our oars', for though profitable we are still not the industry leaders.

It is only two years since a management change was effected in your Company and, as we start a new decade, it is an appropriate time to take stock of our performance. To develop a perspective for the TTL of tomorrow, it would only be right that we appreciate and understand the India of today and the socio-political, economic forces that propel it towards its destined future. Being primarily an agrarian country, taking its first tentative step towards industrialisation through a first generation of management and skills, the performance of our economy over the last four decades can give some cause for satisfaction. However forty years of well intentioned protection of our fledgling economy, has created an industrial environment which is high cost and yet fosters enterprise that produces poor quality which is not competitive in the international arena.

The India of our dreams cannot be created by reducing the planned efforts required from her citizens. It is only by stiffening the challenge and by demanding more from ourselves that our vision will be actualised.

PRODUCTIVITY AND GROWTH

In this perspective I would like to discuss the issues of productivity and growth, their meanings and relationship in an enterprise, and the strategies, structures, systems, skills and culture required to achieve them.

Evolution of the process of a continued pursuit of excellence has resulted in the emergence of new dimensions to productivity. The progressive improvement of results from the available resources on a continuous basis, by the application of new techniques and new methods, is the quest of an enlightened and innovative management. Productivity, therefore, is an attitude of mind. Productivity is a commitment.

Growth of an organisation can be measured by improvement in production, sales, profits, assets, quality of human resource but very often, by a complex set of indices that not only reveal growth in real terms but also give it a relative position. Business managements have learnt, and sometimes to their cost, that growth is certainly not automatic and often requires the formulation of effective strategies and the expert handling by a committed and competent management team. **It is our experience that productivity and growth have a unique relationship that is not only supplementary but complementary in nature as well.**

Growth creates stresses and strains in an organisation and exposes it to risk, since it creates a situation of managing change. In the years ahead, organisations that will establish a sustainable competitive advantage in the industry, and deliver on their obligations to stakeholders, are those which successfully integrate the concepts of productivity and growth in their competitive strategies. These organisations will contribute most to the economy and society by the productivity of the resources of an enterprise i.e. men, machines, materials, money, time, land and ideas.

THE YEAR OF LEARNING

What we learnt in TTL reaffirms an established principle: that the key to productive growth lies in creating a human organisation with this capability. This process starts with the leadership's imperative to ideate, and to make a simple, clear yet comprehensive statement of a goal which all the people of an organisation can comprehend and empathise with. In TTL, the statement—**'the best quality at the most competitive cost'**—has served this purpose.

A MARKETING ORIENTATION

The next step of your leadership in creating productivity led growth was to orientate the focus towards opportunities in the market. The primary target market for speciality papers was defined as the **'highest value added segment' and emphasis on product quality became the byword.** Whilst the strategy was to reduce the overwhelming dependence on cigarette tissue, the product mix was rationalised to reduce wasteful and uneconomic runs. The synergies of being in the ITC group were taken advantage of, and with Bhadrachalam's marketing network your Company expanded very substantially to give access to new markets to obtain business results. Structurally, the focus on the customer and the market was reflected in the strengthening of the Quality Assurance Group and the formation of the Product Development Committee which creates customised speciality products within agreed time parameters. Productivity-led growth in TTL is built on the cornerstone of customer satisfaction.

CAPITAL PRODUCTIVITY AND GROWTH

Capacity utilisation in your mill increased to 126% during the year under review and to over 140% in the last quarter which is not only a record in TTL but in the industry. This has enabled significant growth in value addition and sales turnover. **The will to continually improve on the present situation, however good it may seem or really be, is the operating culture of TTL today. It is the continual effort to apply new techniques and new methods, it is the faith in human progress.**

TECHNOLOGY AND R&D

The market orientation of TTL has effected the design and development of technology, and the related strategies pertaining to R&D for process, products and the usage of raw materials and chemicals. Process bottlenecks in pulp mill, stock preparation, paper machines and paper conversion are being removed with innovative ideas and investment wherever necessary.

On the R&D front, your Company has pioneered the utilisation of jute for manufacturing speciality paper products. The thrust on the use of alternative raw materials has provided your Company a strong competitive edge, reducing dependence on imported raw materials, and conserving scarce foreign exchange.

ENERGY PRODUCTIVITY

Your Company has taken effective steps towards energy conservation. Investments have been made to install a microprocessor-controlled fluidised bed boiler which utilises lower grades of coal and still delivers 10% higher thermal efficiency, and a turbine for co-generation and captive power generation. Completion of this project during the year will meet the demands of national priorities by conserving scarce energy resources. For TTL it will enable energy utilisation under 'total energy concept' and provide self-reliance to your Company in this critical area, enabling uninterrupted production operations in a highly cost-effective manner which will improve the competitive standing of your Company.

GROWTH THROUGH PRODUCTIVITY, MODERNISATION AND TECHNOLOGY UPGRADATION

I am glad to report that your Company's Industrial Licence has been re-endorsed from 13,500 tpa to 33,000 tpa. This is a development of significance in the history of your Company that, after over 15 years, the licensed capacity of your Company has been increased by 145%. This would enable growth of your Company, further strengthening its competitive edge, develop new products and new markets.

Your Company's strategy of productivity and growth has enabled it to make significant progress and achieve a product volume of over 17,000 tons last year, with a planned target for 20,000 tons for the current year. Your Company is taking further steps for growth through modernisation and technology upgradation and is in dialogue with reputed international consultants. With the completion of the modernisation technology upgradation programme, your Company is reasonably confident of earning foreign exchange by exporting quality paper products from India.

THE HUMAN ORGANISATION

Organisations can only grow to the extent to which its people can grow. Though human resource skills through access to the ITC-Bhadrachalam group have been tapped, the existing set of people are the base on which the turnaround of your Company has been effected. This is a key success factor, since it has created a climate of security and caring, recently further enhanced by the investments in a school for employees' children, and created a sense of challenge and commitment in the work environment. **The style of the personal involvement of top management to energise the organisation,** from and on 'the front line' have borne fruit. **People are encouraged to think and interact in an open environment with a supportive climate so that they can grow and generate productive ideas which can take root and flower. Investments in human resource development and organisation culture is a priority matter in your Company. It is creating the ethos and culture of a 'learning organisation' which augurs well for future progress.**

EXPORTS, THE POLICY FRAMEWORK AND THE FUTURE

Your Organisation is committed to formulating strategies for profit, growth and survival, which are in consonance with national interests. In this context our export performance last year of more than Rs. 120 lakhs, including Rs. 51.6 lakhs of third party exports, is 19% higher on the annualised figure for the previous year, and is a noteworthy result.

We welcome the decision of the Central Government to encourage the use of unconventional raw materials by extending excise incentives to all varieties of paper and paperboards. I had ventured to make this suggestion last year, and the timely response of the Government is indicative of the support and encouragement that the Government is willing to provide to promote the progress of the jute farmers and the industry.

In their efforts to become successful international players, countries adopt strategies which are rooted in the natural national advantages which they might possess. The natural national advantage that we have in India is a continental land area. At present, vast tracts of erstwhile forest lands are lying waste and have become inert assets. If these were converted into plantations managed in the government/joint/private sectors, they would not only contribute to the 'greening of India' but to the creation of enormous avenues of year-round rural employment. I hope that the Eighth Plan document where employment and environment co-exist, will compel a review of the erstwhile strategies. **I would like to reemphasise that the 'greening of India' programme has vast employment potential and must get immediate attention.**

However, no meaningful international success is possible until we encourage the modernisation of, and upgrade and contemporise, our technological base. **As I had mentioned last year it would give a significant 'filip' to the industry if as a first step the Government allowed the import of important equipment at least for modernisation under OGL and limited customs duty to 35% as is allowed to machinery manufacturers. For diversification of use of jute to paper industry, the Government is actively considering the import of plant and machinery free of customs duty which, if implemented forthwith, will give a thrust in this vital area. The cash compensatory support for export of paper needs to be raised to 20% for logical reasons.**

Based on even conservative demand estimates, the indigenous requirements for paper and paperboard by the advent of the next century will be in the neighbourhood of 40 lakh tpa. Meeting this demand will create a spectrum of opportunities for the industry, but will require substantial internal activity and gearing. **If however, we restructure the policy framework for the industry, within the purview of the suggestions outlined, in only 2 to 3 years the foreign exchange earnings can escalate almost exponentially to around $200 million.**

CONCLUSION

I would like to reemphasise that the real issue is productivity-led growth. The TTL experience has under-scored an important business principle that productivity and growth are inextricably linked. As a result of competitive strategies, based on this principle, and actualised in the various operational areas of your Company, we have been able to contain the unit cost of output, and yet enhance the quality of, and value addition, to the product, to generate customer satisfaction and a growth in market share and profitability.

But as a Company, and indeed as a country we cannot stop here. To become successful international players, we must learn how to learn, and absorb and even create technology. We must become high quality and low cost producers, with the capability of carving a niche for ourselves in a rapidly 'globalising' world.

Even as the future unfolds with its challenges, pressures and opportunities, the lesson we have learnt from productivity led growth will stand us in good stead. As long as we remember never to mistake mere size for growth, and mere tasks and procedures for productivity, in the planning and implementation of our business activities, we can continue to look forward to sunny days ahead.

This does not purport to be a report of the proceedings of the 44th Annual General Meeting.

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IRCON

From strength to strength

In a country where the words "public sector" immediately conjure up an image of an over-weight, inefficient, problem-ridden and unprofitable enterprise, IRCON (Indian Railway Construction Company Ltd) stands out as one of the few exceptions. It has excelled in the cut-throat international market and has shown profits for the tenth consecutive year.

An offshoot of the Indian Railways, IRCON was promoted in 1976 as an autonomous corporation to take up construction work independently and on a commercial basis. Starting with a Rs.25 lakh equity base, it showed a Rs.65 lakh turnover at the end of the first year. Today, 14 years later, IRCON's balance sheet is peppered with upwardly mobile graphs, with a Rs.4.95 crore equity (wholly owned by the railways), Rs.208 crore turnover and Rs,27 crore profit before tax.

What made this public sector firm tick? V.K.J. Rane, who was associated with this company since inception and guided it since 1982 as its managing director, attributes the success to two aspects. "One, our team is compact, smooth and efficient. And two, we had full support from the railway ministry — which means total non-interference." Rane, who retired last fortnight, is succeeded by M.D. Khattar, who was till now director, projects. Says Rane, "Khattar will do well. He is capable, hardworking and tenacious."

Khattar has been with IRCON for eight years now — a period of rapid growth for the company. He feels it is yet too early to talk about major policy shifts, if any, but avows a commitment to his predecessor's vision of doubling the turnover in five years and carrying IRCON's work from the developing to developed countries.

Quiet beginning

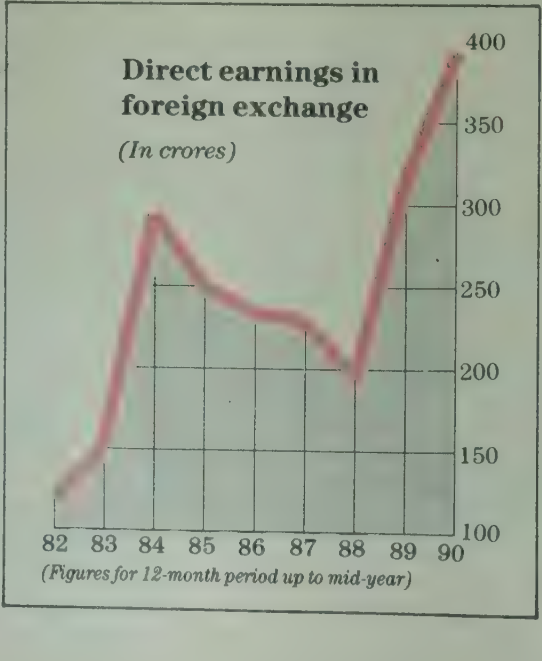
IRCON's first contract was small. In 1977, it was asked to build four bridges in Kundremukh. The next three years too saw the company securing only minor contracts in India. In 1981, it got its big break: a $350 million contract for the construction of a railway line in Iraq. From that point, IRCON has gone from success to success.

The initial project in Iraq ended in January 1985 with the commissioning of the 33-km Samawa Railway, designed to withstand a speed of 250 kmph. IRCON secured a second order there for the supply of 350,000 pre-stressed concrete sleepers. And when that contract was successfully completed, the Iraq government kept IRCON busy with yet another contract — constructing a high-speed railway line in Al-Muthanna. Together, the three projects cost $483 million.

Meanwhile, the Indian company was exploring opportunities in West Asia and Africa. It won two contracts each in Algeria and Malaysia, one each in Saudi Arabia, Iran, Nigeria, Zambia and Jordan, besides undertaking railroad construction in neighbouring Nepal and Bangladesh. So much so that the percentage of Indian projects under IRCON's charge kept dwindling. While in 1980-81, about 90 per cent of the turnover accrued from local work, by 1989-90 the figure had gone down to 53 per cent.

Neither IRCON nor the Indian government was complaining — the compensations from overseas projects, especially the precious foreign exchange was gratifying. It was the possible profits from the oil-rich West Asia that, according to Rane, prompted the formation of IRCON.

The Indian treasury has benefited substantially from the direct foreign exchange earnings of IRCON. While during 1976-81, the company was finding its feet — or as Rane says, "learning the tricks of the trade" — the next nine years saw it fetch an average annual foreign exchange earning of Rs.23.3 crore. Cumulatively, IRCON has, in its 14 years, brought in Rs.210 crore worth of foreign exchange.



Rane: "We can be another Marubini"

In doing so, the company also won the coveted All India Top Exporters Shield (1985-88) and the Regional Top Exporter Shield (1982-85).

Railways benefited

The railways, as the sole promoters of this company, have been raking in their share of the profits. Between 1983 and 1988 IRCON paid them 20 per cent dividend annually. For 1989, the dividend paid was 21 per cent. The total amount paid so far by the company to the railways works out to Rs.5.95 crore, which is Rs.1 crore more than IRCON's total paid-up capital.

For IRCON, being government-owned did have its advantages. A few contracts, like the Rs.82-crore railway line project in Alegria, were obtained as a result of government-to-government negotiations. "But these are few and far between," says P.M. Venkatesan, general manager (civil). "Mostly, we have won contracts on global tenders."

IRCON's competitors include well-known names like Marubini of Japan, Bellfinger and Philip-Holzman of Germany, and the South Korean Hyundai and Samsung. Of late, the Chinese have also entered the world construction market, offering very competitive rates. Says Venkatesan, "Our only claim to fame abroad is our efficiency. We have performed to time and quality, and this has been appreciated."

Though IRCON's local assignments have been dwindling when seen as a percentage of the total activity, the quantum of work done is still significant. In 1989-90, Indian projects accounted for Rs.110 crore in a total turnover of the Rs.208 crore.

Hitherto, a sizeable chunk of the local work comprised the "merry-go-round" railway network in thermal power stations (needed for transporting coal to the powerhouse) and railroad contracts of the Indian Railways. Apart from these, IRCON carried out bridge works, like the one over the Vasai creek, off Bombay. But how efficient has IRCON been within the country?

Less than 50 per cent of the thermal stations contracts have been completed in time. This, IRCON officials say, is more due to land acquisition problems confronting the National Thermal Power Corporation. "All our other projects have been on time, or even before time. The Vasai creek bridge, for instance, will be completed on schedule by December this year," says Venkatesan. Adds Rane, "We have performed 'wonders' in local construction. To build the two Meghatburo bridges in remote Korba in 12 months was challenge enough. But the government demanded that it be done in just six months. We said it was improbable, but nevertheless completed the work in that period."

IRCON has decided to devote more attention to the Indian market. Two reasons have prompted this decision: one, the West Asia oil boom has subsided and the countries there are putting the brakes on works requiring large investments. Also, Indian contracts are getting bigger.

IRCON landed its first Rs.100-crore plus Indian assignment last year when the Bombay-based City Industrial Development Corporation (CIDCO), asked it to construct four station buildings with shopping arcades and complete commercial complexes on the new Mankhurd-Belapur suburban railway line that will link Bombay with New Bombay. The project, expected to be completed next year, is estimated to cost Rs.130 crore.

IRCON also won the World Bank-aided Delhi-Mathura highway construction contract last month. The project, estimated to cost Rs.100 crore, involves asphalting of the existing 82-km highway and the construction of a new concrete one. All these activities are supposed to push up the company's turnover from Indian projects considerably — next year's projection is Rs.136 crore.

However, IRCON suffered a setback last week when its proposed participation as a sub-contractor in the building of the tunnel beneath the English Channel fell through. That would have been the company's first experience at handling a project in a developed country, and the proposal was publicised with much gusto. IRCON officials now blame "impossible conditions" attached to the contract by Britain and France, for the debacle.

Fingers crossed

The West Asia market, as far as construction work is concerned, is drying up, with the exception of Iraq. The government there has planned a $6,000 million railway project to link Baghdad with Basra. The world's top construction companies are vying for the contract, or parts of it. IRCON, too, has submitted its tender and is waiting with fingers crossed. If this deal comes through, it will mean continuous overseas work for at least seven more years, plus another chunk of foreign exchange earning.

IRCON will be busy in Nepal too. Though relatively small, dozens of contracts are flowing in from this country after the Nepalese prime minister's visit to India and the easing of tension between the two nations. Already, the last three months have fetched IRCON contracts worth Rs.27 crore from Nepal.

But the concensus now is that the target should shift from Asia to East Europe. Says Rane, "IRCON must think and plan in that direction. The boom of the future is in East Europe." As part of his last official assignment (before his retirement), Rane visited Moscow last fortnight and found the Soviet response quite positive. But plans have not yet taken shape.

In its 14-year span, IRCON has undertaken a wide gamut of construction activity — from laying railway lines and roads to building workshops, from erecting signalling systems to constructing bridges. And now, it is entering the field of prefabricated buildings as well.

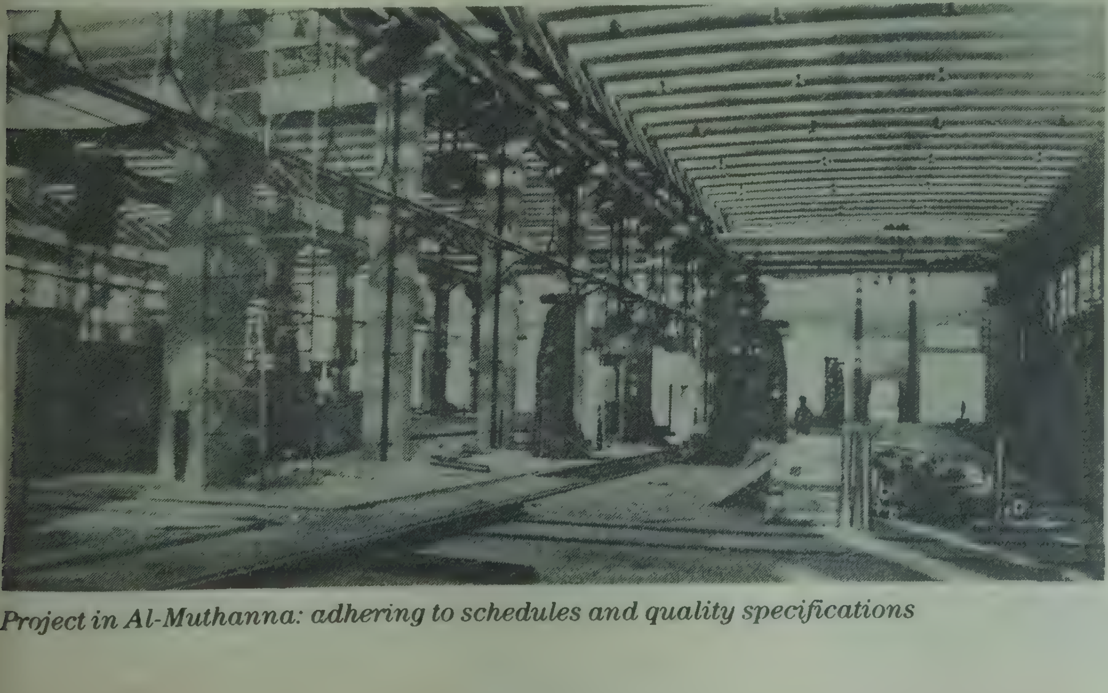
Area of potential

The company now offers technology-transfer for the setting up of automated component factories to manufacture concrete building components in the form of floor slabs, wall panels and facade elements. These can be produced in a large number of variants thus making architectural layout very flexible. "This has the potential to develop in a big way in our country," says Venkatesan.

IRCON has a staff of nearly 2,000, including those on deputation from the railways. Heading each of the projects abroad is a technocrat — an engineer who also handles the administrative work. With work going on in 13 foreign countries, IRCON today has 40 per cent of its officers posted abroad. For skilled labour, the company has to rely on local hands in African and South Asian countries. West Asia is the only place where Indian labour is employed.

This construction company plans to move away from the Third World and make inroads into developed countries. Though the first opportunity for that was lost in the English Channel project debacle, IRCON officials are confident that the expertise they have gained over the decade will make it possible for them to reach Europe. Says Rane, "I don't see any reason why we cannot be another Marubini."

■ R.S. VENKATESH



Project in Al-Muthanna: adhering to schedules and quality specifications

AIR INDIA

Surprise resignation

Not many people noticed, but he had been preparing for some time. He'd asked for his bio-data to be updated and the Air India public relations department was also putting together a file of newspaper clippings on his three years as managing director. In spite of all that, Rajan Jetley's announcement that he has decided to quit the airline last week, stunned everyone, including his closest friends and directors of Air India. After all he had successfully lived through the purges that gobbled the heads of most public sector heads in the country during the first few months of the V.P. Singh government's rule.

In fact, it was widely known in aviation circles that Jetley enjoyed excellent rapport both with his close friend, the all powerful Arun Nehru and the civil aviation minister Arif Mohammed Khan. Also, Air India had this year turned out record operating profits of Rs.125 crore, as was revealed by Jetley, only last month. So, in every sense, Jetley was probably enjoying some of the best days of his three-year tenure at the airline, and his quitting was least expected.

To greener pastures

On another level, this was probably the best time for Jetley to quit, considering that the Air India appointment for him, unlike in the case of his predecessors, did not come as an end-career reward. He was only 37 when he took over and obviously saw himself moving on to greener pastures.

That, in a sense, explained Jetley's determined and successful attempt at cultivating a great public image for himself in the media. He invariably got a good press and even his resignation last week was unlike any of the other public sector heads. V. Krishnamurthy and S.P. Wahi ran much larger public sector organisations, but their departure did not cause any ripples in the press. In contrast, Jetley's decision to leave was front-paged, complete with interviews and freshly taken photographs, by almost every leading newspaper in the country. Even the likes of *International Herald Tribune* gave it a mention.

The new look Air India aircraft: commitment to an era of change?

The international press coverage, no doubt, is important to Jetley, for he is moving on now to take up an international assignment. Sources say he has three lucrative offers to choose from. Two of them are from London-based companies — one an airline and another a hotel chain. More importantly he also has an offer from Rajan Pillai's fast growing Britannia Industries, a job to be based either in London or Singapore.

Jetley has enough experience to help him in all three jobs. A management graduate from Delhi University, he started out selling detergents, moved on to become first a marketing manager and then marketing controller at ITC. With a little help from close friend Arun Nehru, he became the managing director of ITDC in the early eighties before taking over at Air India in 1987.

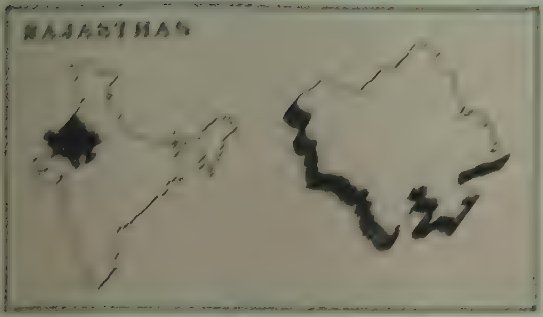
Jetley: his resignation was frontpage news

At Air India, Jetley moved in at a time when the airline was going through a particularly bad patch, and from what he has been telling the press in the last two years, he seems to have turned it around. From a Rs.40 crore loss in 1987-88, Jetley said, Air India made a Rs.40-crore profit in 1988-89. Net profit for 1989-90 is claimed to be in the region of Rs.70 crore.

A new identity

But Jetley no doubt, will be best remembered as the man who gave Air India a new physical identity. Last October, amidst much fanfare, Air India's decades-old logo, the centaur, gave way to a metallic gold sun. The distinctive red lines that ran parallel along the fuselage of its planes for years were taken off and replaced by all white. The tail now has the oval sun in metallic gold placed against a deep red ambassadorial sash draped over a section of the fuselage as well. The squat and thick 'Air India' lettering was replaced by a new custom-made slender version. Jetley at that time had said that this was done as part of his effort to give the airline a new and modern image — part of the airline's commitment to "an era of dynamic change and consolidation." What fruit this effort has borne remains to be seen.

■ N. RADHAKRISHNA



Bhiwadi: Blooming in the desert

In Rajasthan, there are few places which are interesting for reasons other than tourist value. Bhiwadi is one of them. This village, which was once like any other, is today a prime example of how industrialisation can take off in a state that has little to offer industrialists by way of infrastructure.

A lack of water, power and communication facilities has always hindered Rajasthan's industrialisation. Of the 167 industrial areas that have been promoted in the state by the Rajasthan Industrial Development and Investment Corporation (RIICO), barely a dozen have been successful. Bhiwadi, a favourite with the government, has thrived as one of the fortunates.

A decade ago Bhiwadi was a dust-bowl. But for once the state government saw an opportunity. The village's proximity to Delhi (a two-hour drive from the capital) was one factor that RIICO thought it could capitalise on, says V.B.L. Mathur, Rajasthan's chief secretary. Today, there are almost 300 units functioning in Bhiwadi manufacturing everything from plastic products to television tubes. K.S. Rastogi, the new chairman of RIICO, is justified in placing Bhiwadi before the other industrial areas promoted by his agency: "In this state, industrialisation can only take place in pockets. So we have to concentrate on places like Bhiwadi."

Investment and employment

Over the last ten years, Rs.300 crore has been invested in the area and almost 30,000 people have been given direct employment. Says B.D. Pandey, general manager of Standford Engineering (turnover: Rs.20 crore), which manufactures hydraulic excavators and heavy earth-moving equipment, "Bhiwadi is a fine place to have your manufacturing facilities. Land is cheap and labour disputes are minimal." Compared to other industrial areas bordering Delhi, particularly those in Uttar Pradesh and Haryana, labour has caused little worry in Bhiwadi.

Most industries in the area are in the small and medium sector, according to S.K. Sharma, regional manager of RIICO based in Bhiwadi. A few, like Samtel, have a larger presence. Of the 300-odd functioning units, about 20, all in the small sector, were idle. "The small sector faces trouble here simply due to logistical problems," says an industrialist, whose unit in Bhiwadi has problems with distribution. "Instead, we have to sell it in Delhi where the prices are not competitive since excise is levied at two check-points — for Haryana and then Delhi."

For medium-scale units however, Bhiwadi is a boom town. In fact, Samtel India is already in the process of finalising its expansion plans, an investment of almost Rs.300 crore. The other important units include Munask Galva Sheets Ltd, which has been set up with an investment of Rs.280 crore, to manufacture galvanised sheets, Rajasthan Telephone Industries, which manufactures telephone instruments in technical collaboration with Jeumont Schneider of France, a Weston Electronics plant manufacturing capacitors and Indian Shaving Products Ltd, the manufacturers of 7 O'clock blades.

Bhiwadi: spearheading Rajasthan's belated entry into the list of industrialised states

Power is a problem

Like all other industrial towns which have developed in the recent past, Bhiwadi too has problems. The main drawback is an uncertain power situation. Even though Rajasthan is self-sufficient in power generation, scanty rainfall and its contribution to the national electricity grid creates a shortage. "On most days we are forced to shut our non-critical functional areas," says R. Raina, manager at Samtel's plant, adding that standby generation units are essential. "If there is just one sort of potato in the market, you have to take it," comments another small industrialist while bemoaning the Rajasthan State Electricity Board's shenanigans.

The deteriorating power situation was a major deterrent to setting up shop in Bhiwadi a few years ago. Today it is a lack of communication facilities. Almost all the industries at Bhiwadi have their headquarters in Delhi and daily consultations are important. Getting around the communications gap will need some unconventional methods. "We use wireless between our plants and offices," says Pandey of Stanford Engineering. RIICO's Sharma admits that this is a serious drawback but points out that a new electronics exchange for Bhiwadi has been cleared and will be operational by mid-1991.

However, the single biggest problem remains housing. How this affects industry, and even state departments, is clear from the problem confronting Rajasthan Telephone Industries. A spokesman explains: "Since there are no houses the technical staff isn't ready to come here, and if they do, they leave very soon."

But Bhiwadi still thrives. With almost 1,000 acres developed and another 400 planned for, Bhiwadi is on its way to prosperity. The statistics are self-explanatory: last year Bhiwadi contributed Rs.50 crore to central excise, Rs.6 crore as sales tax and Rs.8 crore towards electricity revenue. Next year, another Rs.52.07 crore is to be invested in Bhiwadi.

Where will this fast-expanding township be in the next couple of years? "At the top," say RIICO officials proudly. Provided basic infrastructural shortcomings are sorted out and an added fillip is given to Bhiwadi, there is no reason why not. It now symbolises Rajasthan's belated entry into the list of industrialised states.

■ RAHUL SHARMA

A survival function

Competition is getting tougher. The benchmarks have become international. Corporations which succeed in improving cost, quality and customer satisfaction to meet these benchmarks, are the only ones which will survive and grow in this decade and the next. Already, chief executives of major companies in the public as well as the private sectors have recognised this reality and are exhorting their people to work toward achieving excellence in everything they do.

In a scenario marked with rapid growth and fierce competition, will organisations have time for human resource development? The honest answer is likely to be 'No', especially if HRD continues to mean, "a lot of expensive programmes with very little results". Corporations in the nineties will not be able to afford the luxury of an HRD function which does not produce tangible business results.

Accountable function

The function will have to be accountable just as any other major function in the business. HRD initiatives will have to contribute toward improving productivity, cost effectiveness, quality, employee and customer satisfaction. HRD professionals submerged in the intricacies of appraisals, manpower planning, a variety of training programmes and career planning processes must now begin to ask themselves, what problems of the organisation they are solving.

HRD professionals today are aware of and equipped with the necessary skills. In addition to these, in the nineties, these professionals have to improve their problem solving orientation

HRD professionals will have to be in touch with the key problems of the business, analyse their causes and provide appropriate HRD solutions where necessary. This problem solving orientation is the backbone of an accountable HRD function which the organisations in the decade of fast change will want and respect.

If the HRD professional analyses problems of employee attrition, absenteeism, high rejections and rework on the shopfloor and low customer satisfaction in the marketplace, several people-related causes could be identified. In analysing the attrition in one department, it was found that over 50 per cent of employee turnover was due to an overly rosy picture about the job conveyed at the time of the interview. In yet another department, it was found that employees were leaving due to lack of career growth opportunities. The solution in the first case was to have standard, comprehensive and realistic communication for the candidates at the time of the interviews. In the second situation, a detailed career planning process had to be introduced.

On the shopfloor, in one analysis, it was found that high rejection in terms of defects per hundred machines (DPHM) was due largely to workmanship defects. The solution was to introduce an operator certification programme in which the workmen went through exhaustive training to upgrade their skills.

At the marketing end in the analysis of branches which did not achieve their business plans, it was found that several people from these branches were promoted and moved to other locations. These branches, in turn, were being run by people who were relatively new. Naturally, the solution was to relook at the internal promotion policy of the company.

In yet another case, branches having relatively lower customer satisfaction were examined, and it was found that this was due to lack of an adequate number of trained service engineers, because there was not enough training and recruiting. To prevent future recurrence of such a problem, the personnel manager's appraisal parameters were amended to include, "vacancy outstanding days," that is, sum total of days for which various vacancies remain outstanding during the year.

Voluntary retirement scheme

The high cost base of an organisation, if analysed, might reveal that it has an extra management layer or it is organised in a manner that the profitability or otherwise of its various product lines are not visible. Maybe the organisation has too many extra people, hired at the time business was not very competitive. Such situations will require HRD initiatives in terms of reorganisation and instituting voluntary retirement schemes.

If the company is projecting a five-fold growth in its business in the next ten years, HRD has to take the lead in understanding the organisation and people implications of such massive growth. What kind of organisation will be required? What skills will be necessary and which redundant? What changes in personnel policies will become necessary? Are the appraisal parameters of various positions in line with the priorities of the business? How to communicate this vision to all employees? How to obtain thei commitment? How to develop an organisational climate where an employee can put forward his views and contribute to the growth of the organisation without fear? These and perhaps many more such vital problems of the business will have to be anticipated and proactively resolved.

Corporations in the nineties will not be able to afford the luxury of an HRD function which does not produce tangible business results. The function will have to be accountable

The knowledge and skills of HRD professionals in the country, over the decade have developed. HRD professionals today are aware of and equipped with the necessary skills. In addition to these, in the nineties, these professionals have to improve their problem solving orientation. They will then be driven not by an urge to implement some text book systems. Instead they will have to be driven by the urge to solve real business problems. This is a major paradigm shift which must take place. HRD then will be recognised as an accountable, contributing and proactive function, which organisations wil find indispensable for their growth and indeed their survival.

■ ARVIND N. AGARWAL

The author is currently general manager quality and HRD in Modi Xerox Ltd

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Agency blues

It all began a year ago, when the UK-based shipping line P&O Containers Ltd informed its Indian agent — Tata Tea Ltd — of its intention to start an associate company to handle the British company's agency business. Since 1981, Tata Tea, the single largest tea plantation company in the world, had also been acting as an agent in Calcutta, Bombay and Delhi for P&O Containers. Subsequently, as of 1 October 1989, Tata Tea handed over its shipping agencies in the three metroes and other parts of north India to P&O (Indian Agencies) Private Ltd (P&OIAPL), an associate company of P&O Containers promoted by two NRIs, with 40 per cent equity held by the British group.

A year later, another foreign shipping line gave notice to its Indian agent terminating its association. In a letter dated 30 January 1990, A.P. Moller, a Danish company which operates Maersk Line asked its Indian agent Volkart Fleming to terminate the agency agreement from 5 August this year, as stipulated in the agency-principal agreement.

Recourse to law

But this time, the transfer was not going to be easy. Unlike Tata Tea, Volkart Fleming did not agree to an amicable settlement. Having failed to convince Maersk Line to continue with the arrangement, which began 40 years ago, Volkart Fleming filed a suit against the Danish shipping company in the high court of Bombay. The suit asked for an injunction on termination of the agreement and the appointment of any other agent for India.

As if on cue, an advertisement appeared in the papers announcing the change in A.P. Moller-Maersk Line representation in India from August 1990. According to the advertisement, the new associate was the Thapar group, whose flagship company Ballarpur Industries Ltd would co-promote a shipping agency undertaking to be named Maersk Agency India Ltd.

The advertisement said, "The commitment of the new agent to provide the optimum service to the trade by providing professional Maersk-trained people with the right technological back- up is directly in alignment with the Maersk Line mission to be 'second to none'." Does this mean that Volkart Fleming was lacking in providing "optimum service" for its principal?

No one would tell. In fact, Maersk's representative in India, Philip Littlejohn spoke to *Business India* only on condition of a written undertaking that the interview would be "off the record". Volkart Fleming representatives too refused to speak on the subject as the matter was *sub judice.*

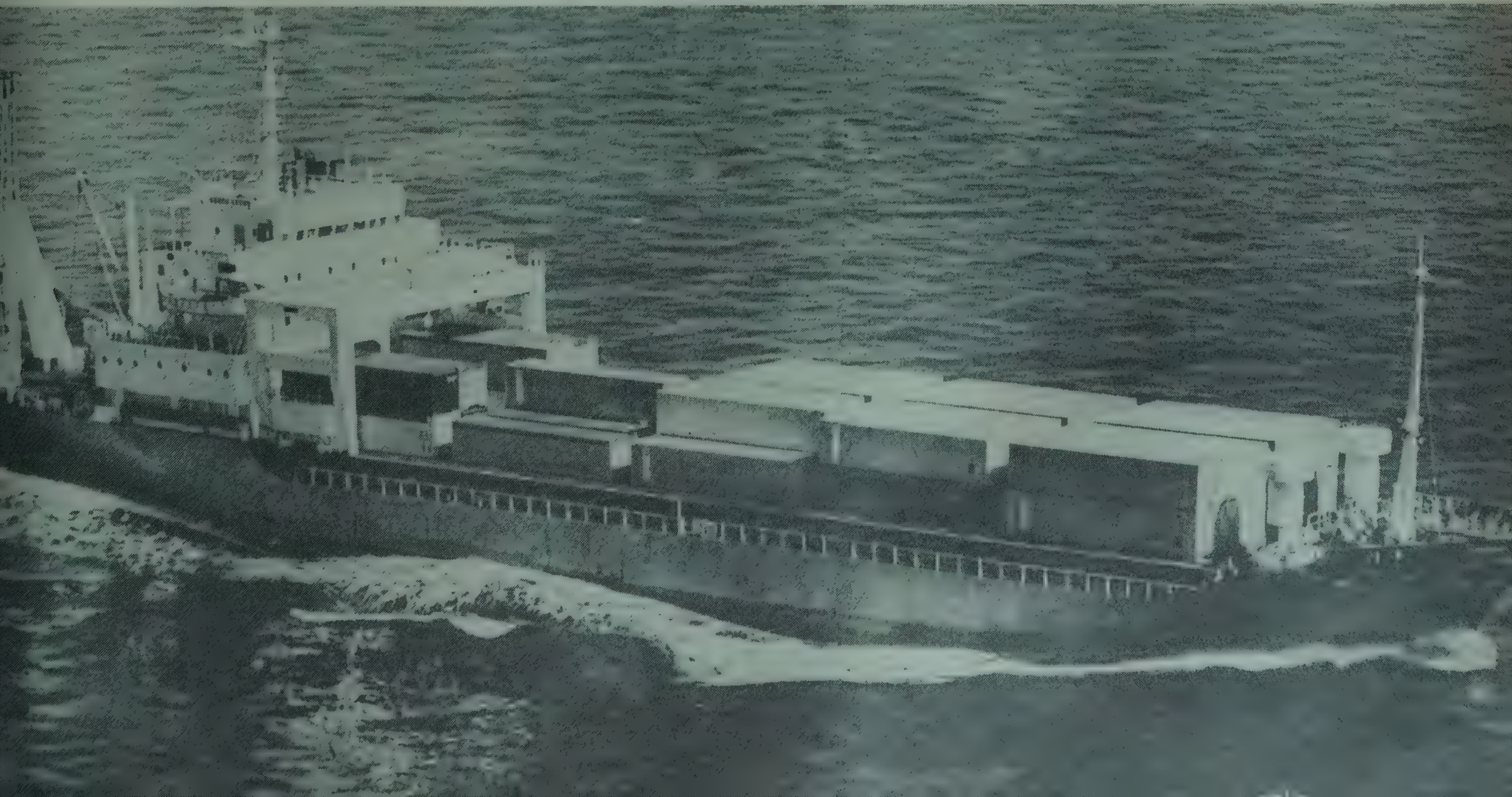
Battle lines have clearly been drawn between Volkart (Bombay) Pvt Ltd and Maersk Lines, whose association goes back to 1953. At that time, the former was appointed agent for the ports of Bombay and Gujarat. With time, the agency agreement was extended to almost all the major ports of the country.

Many changes

Volkart itself underwent several changes in its ownership pattern. Volkart Bombay (Pvt) Ltd amalgamated with Patel Cotton Company Ltd to become Patel Volkart Ltd. The latter then merged with Gokak Mills Ltd to become Gokak Patel Volkart Ltd, a Tata group company. Patvolk, one of the two divisions of Gokak Patel Volkart Ltd, deals only with shipping agencies. The parent company also had a 100 per cent owned associate company called Alpha Shipping Agencies (Pvt) Ltd, which was looking after the shipping interests of Maersk, along with other foreign lines. The Gokak Patel group has the agencies of several foreign shipping lines like the Norwegian Hoegh Lines, Italian Lloyd Tristeno Lines, French CGM Lines, Dutch Nedloyd Lines, the British Bengal Express Container Lines and the Singaporean BSL.

Around 1979, when the shipping industry was going through a recession, Maersk Line wanted to withdraw their operations from India and sent Bent Hansen, vice-president, operations, to discuss the modalities of withdrawal. Hansen was prevailed upon not to close trade with India, as there was a huge trade potential to be tapped in the coming years.

Will other big shipping lines also sack their Indian agents?



Though it abandoned the decision to close shop in India, in its 1980 agreement, Maersk Line insisted that its business interests in India should be exclusively looked after by a separate entity. Gokak Patel obliged its principal by establishing Volkart Fleming Shipping & Services Ltd devoted solely to Maersk Line.

Subsequent years proved Gokak Patel right. In 1980, the total freight revenue earned by Maersk Line in India was to the tune of $150,000. This rose to more than $10 million in 1984 and the revenue earned in 1989 was about $30.5 million.

Alternative solution

In fact, Maersk appreciated the efficiency, co-operation and attention of its agent, and in 1988, expressed the desire to set up a company in collaboration with Volkart Fleming for running the agency business and asked the latter for a legal opinion. But, later, on receiving a note of opinion from Volkart Fleming's solicitors, A.P. Moller wrote back, "These documents do not in the first instance point out to any solution which is in conformity with our established policy. We will continue our investigations to find *alternative* solutions...."

What was Maersk looking for? Essentially, it was trying to conform with its policy of having its own services all over the world and vertically integrating its operations. The trend started in the US and Europe some 15 years ago when most of the global carrier lines started divesting the local agents in favour of their own offices. Similar shuffles took place in the Far East also, in the early eighties.

"Pragmatists in the shipping community are aware that with globalisation of trade, capital intensification of the shipping industry and liberalisation of the Indian economy, such transfers are inevitable," says a senior manager of one agency. According to another insider, "For a big group like Maersk (they are the second largest shipping line in the world), it is a question of image to have their own agency in every part of the globe where they operate from."

In the Indian context, however, the labour forces act as a deterrent to a smooth transfer. Retrenchment of the staff workers becomes inevitable when the companies are more than 50 years old and are invariably overstaffed. Though, in the case of Tata Tea and P&O Containers, almost all the staff were absorbed by the new company P&OIAPL, in the case of Volkart Fleming, the fate of around 100 workers is causing great heartburn not only to the agency but to the labour unions as well.

Unlike Tata Tea staffers, workers in Volkart Fleming have not been promised jobs by Maersk Line. The Transport and Dock Workers Union (TDWU) has taken a serious view of Maersk's action. Says M.K. Salian, a Volkart Fleming employee and also a committee member of TDWU, "We're determined to fight it out till all our employees are absorbed."

Amount of liabilities

The other hitch that Volkart Fleming is complaining about is the amount of liabilities that they have to undertake on behalf of their principal. But Volkart may be overstating the problem. Says N.P. Iyengar, chief executive of P&OIAPL, "The claims are generally borne by the principals anyway. We, for example, are committed to pay all the claims for Tata Tea for the next ten years. Even Maersk should not have any dispute over the payment of claims."

Loading a ship: huge potential for trade with India

Under the provisions of the Customs Act, every vessel docking at an Indian port requires a port clearance before she sails. To get these clearances, Indian agents have to satisfactorily account for cargo and pay such penalties as are imposed on them. In one such instance, Gokak Patel had executed a bond of Rs.10 crore for the release of the vessel *Maersk Clementine*. The ship had been seized by the Custom authorities for alleged involvement in smuggling about Rs.7 crore worth of gold. In the suit filed, Gokak Patel has asked the court to order Maersk to pay them a claim of Rs.15.6 crore, ten times the revenue earned this year.

The issue here is not labour or liabilities. Tata Tea's shipping division comprised less than 5 per cent of its total turnover and hence they did not feel the pinch. But almost 50 per cent of Gokak Patel Volkart's revenue comes from its shipping agency business. In 1989, Volkart Fleming alone earned a commission from their foreign principals to the tune of Rs.1.56 crore.

Gokak Patel's real worry is that the Maersk withdrawal may start a trend by other shipping companies which will be a tremendous loss to its fortunes. Says a shipping veteran unwilling to be quoted: "Being aware of the trend worldwide, the thinking at Gokak Patel must be that the adverse publicity and the difficulties encountered by Maersk Line in accomplishing a smooth transfer may deter others from following suit."

Sensible move

For the shipping industry, however, it will not make much of a difference if the foreign shipping lines open their own offices. The revenues earned in commissions will still be the same — ranging from 2.5 to 5 per cent depending on the cargo.

For Maersk and the Thapars, it makes sense to tie up. With an equity stake, Maersk will have more control over the operations. Says L.M. Thapar, executive director of Ballarpur Industries, "Maersk is a big family-owned company which is in the process of growing. It is diversifying very fast into other areas. It is already very big in oil exploration. We are definitely looking forward to grow with this marine conglomerate."

What adds fuel to the agents' fears are the market rumours that other shipping lines like American President Lines (with Forbes as their agent) and Hoegh Line may want to emulate Maersk. And if that happens, big houses are bound to vie with each other to grab the agency business. The country's increasing global trade, after all, will act as a strong attraction. With the aggressive marketing that is bound to follow, there may be a different kind of war in the offing.

■ SHEKHAR GHOS

INSAT 1D

The new eye in the sky

After suffering all sorts of indignities — from damage through careless transportation to an errant crane hook — Insat-1D is finally parked where it should be, in orbit 39,860 km away. On 12 June the Rs.134-crore satellite was placed in its geostationary orbit by a Delta launch vehicle, which took off from the Kennedy Space Centre in Florida, US.

Insat-1D is the last of India's first generation multipurpose satellites — the Insat-1 series. Manufactured by Ford Aerospace Corporation (FAC) USA, the newest Indian eye in the sky costs more than its predecessors. When it is fully operational, Insat-1D will provide communication, TV broadcasting, radio networking and meteorological services to the entire country. Like the others in the series, it has 12 C-band transponders, two high power S-band transponders and a very high resolution radiometer (VHRR) which can take images in the optical and infrared bands.

Thirty minutes after the launch, the Master Control Facility at Hassan, Karnataka, took control. After linking with and checking the health of the satellite, Hassan commanded it to move into the 'sun acquisition mode' — with its west face towards the sun. Two of its five solar panels were then deployed to provide electrical power in its transfer orbit. Then the C-band antenna was activated. On 21 June, Insat-1D was at 83 degree longitude (east) and as of now all its systems are functioning smoothly.

"Important launch"

Says an Indian Space Research Organisation (ISRO) scientist, "This is a very important launch for the country, especially when the life of Insat-1B is limited and there have been two failures earlier — Insat-1A and 1C. For how long can we continue banking on Arabsat?" This is certainly a valid criticism: India desperately needs a fully operational satellite.

ISRO originally wanted to have two satellites in orbit concurrently. But with the failure of Insat-1A in April 1982, the organisation hurriedly placed the order for Insat-1D in 1984 and switched its strategy to deploy Insat-1C — which had been designated a 'spare' — as a major satellite. The space programme was set back further when Insat-1C was crippled within a week of its launch in July last year; thus the success of Insat-1D was crucial. However, even the 1D sequence was interrupted. The satellite had to be modified at least twice before its launch.

From 20 June, the satellite's several payloads were switched on in phases and the VHRR sent its first cloud picture in the visible band. Says U.R. Rao, chairman of ISRO and secretary, department of space (DoS), "We are characterising each payload carefully and will declare it operational soon." The operations at Hassan are being carried out by a joint team of engineers and scientists from DoS and FAC. "Insat-1B's fuel is almost over," adds Rao, "yet it will continue to provide services. The decision to withdraw Arabsat will be taken in consultation with the department of telecommunications (DoT)."

Insat-1D launch: success was crucial

On 29 August 1989, DoS signed an agreement with Arabsat Satellite Organisation for the lease of 12 transponders from Arabsat beginning 1 October 1989 at US $800,000 per transponder a year. Though much is being made of the rest of ISRO's space programme — which aims to put five satellites in the next series in orbit before the end of the century — Arabsat may have to continue its services until the first Insat-2 satellite is launched by the end of next year.

Since Insat-1D is actually a replacement for 1B, its operation will not substantially expand telecom services. The new satellite will gradually do the meteorological tasks that 1B has been doing so far; of course, Insat-1B will continue to be utilised as long as it is alive for telecommunication services.

More expansion to come

Thanks to Insat-1D, regional television services will extend to Orissa and Karnataka. The 1B enabled Maharashtra, Andhra Pradesh and Tamil Nadu to develop their regional networks.

The Insat-2 satellites, while similar to those in the current series, will be about 50 per cent heavier. They are being developed indigenously at ISRO and the flight model is ready — it will be tested for a year before launch. The European space agency, Ariane, has been selected as the vehicle to launch the first two Insat-2 test satellites. The next three will be used for commercial services.

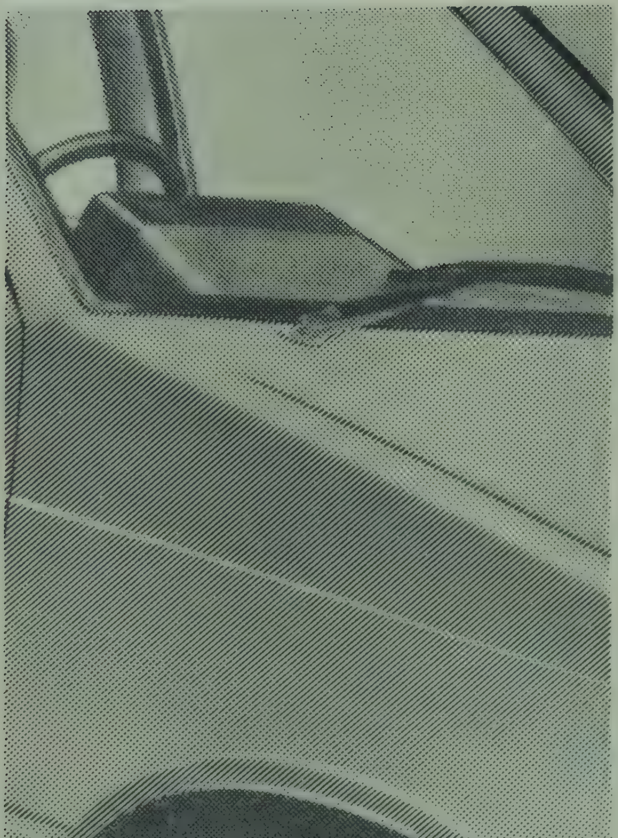
Rao is confident that ISRO's expertise will extend the services of even the experimental satellites: "Our technology has matured so much that we feel we will be able to use the two test satellites also for operational purposes. Compared to Insat-1 and Arabsat, Insat-2 satellites will be much cheaper — Rs.40 crore to Rs.50 crore each."

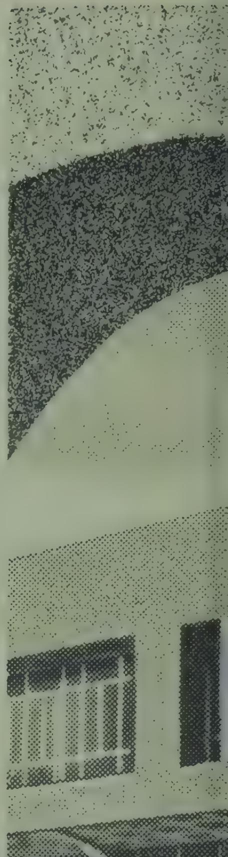
The next series will have about twice the capacity — in terms of circuits and channels — of the Insat-1 machines, for which the Master Control Facility at Hassan is being augmented. That the demand for telecommunication services in India is growing is clear — the Insat-2 series will have to provide about thrice the capacity that was planned for the Insat-1 timeframe. An improvement in the meteorological payload is equally essential for clearer and timelier forecasts.

The third generation, Insat-3, is in the concept stage. User departments of the government have already been requested to project their satellite communication requirements. As the satellite boom in Asia gathers momentum, this successful launch should further increase India's self-reliance in communications. ■

DEVAPRASAD PUROKAYASTHA

SOME COMPANIES ALWAYS GROW BEYON





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STEEL STRIPS GROUP

JOBBERS

Walking on a thin line

They operate behind the scenes, in a little known area in the world of stock exchanges. Working in an extremely stressful environment, they tread the fine line between sound judgement and miscalculation, huge profits and disaster

It was 12:30 pm on 27 June at the Bombay Stock Exchange (BSE), the start of a rain-shortened trading session. Unlike normal days, when trading in most scrips would just be beginning, there was already hectic activity at the ACC and Telco "counters" — circular spaces unofficially reserved for trading in these scrips. These invisible counters — normally 10 feet in diameter for actively traded scrips — expanded several-fold for ACC (whose results were expected that day) and Telco (whose recently announced excellent results had sparked frenetic trading in that scrip).

Welcome to the world of the jobber, that pugnacious individual who lives for the trading day and survives solely by his wits. It is a world where fortunes can be made and lost in a jiffy. And it is the jobber who facilitates the buying and selling of shares on the stock exchange. More important, he helps set prices of individual scrips. Buyers and sellers don't get the same price (buyers pay more than sellers get). The difference, or 'spread' as it is called, is the jobbers' profit.

The number of jobbers for each scrip varies widely, depending on trading volume or liquidity. ACC currently has over a dozen; In some cases a single jobber may handle several scrips. While there are naturally more jobbers for highly liquid scrips, the average scrip usually has a single jobber.

Brokers' brokers

Nothing prevents brokers from doing their own jobbing on behalf of their clients or at least bargaining with the jobber, many of the busier brokers rarely bother to do this and merely accept the price quoted. This is why most clients get better returns when they set a price limit on their orders — it forces the broker to be more conscientious. "The rates at which my stockbroker pushes a transaction through on the floor rarely tally with those published in the newspaper the next day," complains Harold Pereira, a bank employee. "I paid Rs.600 for Bajaj Hindustan on 31 May, while the newspaper quoted it as Rs.550." Pereira's complaint is common: the spread in the scrip is the culprit.

A broker interested in greater trade may well start with a small purchase but only after getting the price from a few jobbers and at least bargaining for a better price. But most such "client-brokers" (another trade name) are usually too busy to spend their time haggling over small quantities. Jobbers find them very useful: they pick up excess stock which jobbers want to get rid of. Jobbers can also buy shares from them cheaply without affecting the price.

As a jobber for ACC points out, there is an advantage of being in this shadowy circle. It is easy to pick up stray business from brokers who are too busy to move into the centre, where trading is fierce and where the price is determined. The centre is where the big speculators and the "line-jobbers" (those trading on the telephone to other exchanges) operate.

Small profits, low risk

Most jobbers in speculative scrips appear to be content to make small profits at low risk. Their strategy is to start and end the day with as little stock as possible. Carrying stock poses problems: prices can change adversely outside trading hours either in kerb deals or in response to trade in other exchanges. Given that their access to information and their ability to absorb losses is limited, the average jobber in speculative scrips literally lives for the day. Most prefer to clear their slates at the end of the day even if it means a loss.

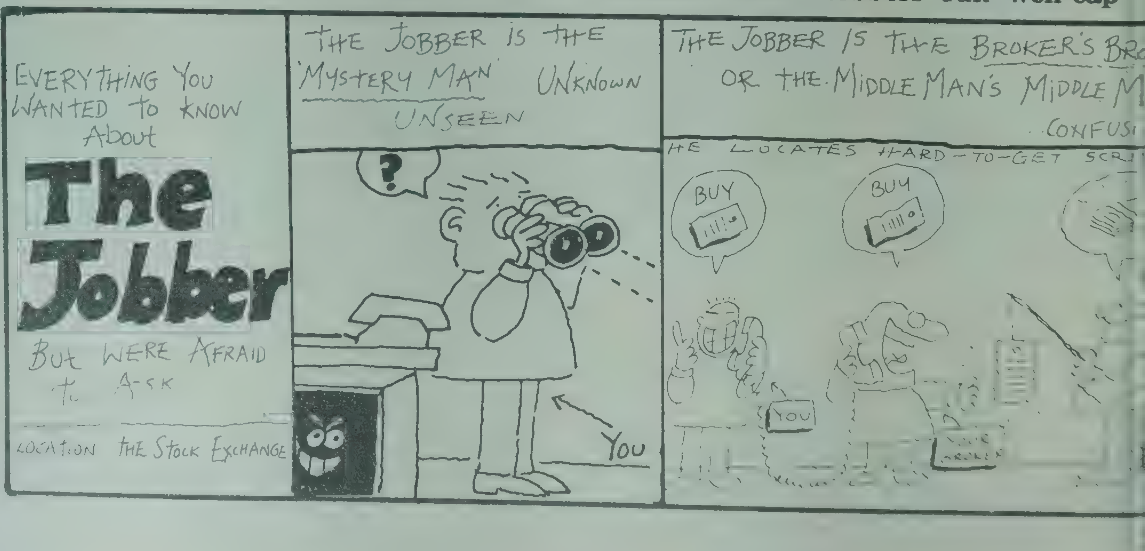
"Until a year ago," says a jobber, 'Telco was traded mainly by investors and institutions. The price fluctuations were small and gave us adequate time to get out without losing. Of course, there is always a risk of losses, but now this has significantly increased, affecting even the line-jobbers, whose turnover is much larger. I know at least one line jobber who has switched to Reliance because of this."

If Telco scares its jobbers, ACC is terrifying. Over the last year, ACC has become the most volatile scrip on BSE. With a capital base of Rs.55 crore and a daily trading turnover of Rs.40 crore (at Rs.500) ACC has been turning over its entire market capitalisation every two weeks. On 27 June the action was particularly fast and furious because the company's results were due.

In contrast to speculative jobbers, line-jobbers are a conservative lot. They deal mainly with Calcutta (the other centre, apart from Bombay, with big financial resources) and also with the Ahmedabad, Delhi and Madras stock exchanges. They buy in one exchange and sell in another, profit from the price differences (meanwhile keeping prices across exchanges largely level) and also from the jobber's spread at each exchange. They are normally well-capitalised and, unlike small jobbers who are sub-brokers acting on their own account, line-jobbers work directly for brokers. Though their resources are deeper, they are usually just as averse to risks.

Information is the key

The most sophisticated of the species are the 'main' jobbers. They also operate in speculative scrips and are willing to take large positions and carry them forward if necessary. Main jobbers run well-cap-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Making them accountable

As recently as 1984, jobbing took place in only a few selected scrips. Newer stock exchanges at Jaipur, Rajkot, Cochin, Pune, Mangalore, Ludhiana and Guwahati and the growing equity cult gave jobbing its big boost. Yet, even today, there is no framework of rules to govern jobbers. Any broker, or his sub-broker or authorised clerk for that matter, has the freedom to job in any scrips of his choice. He can quote any spread and accept any quantity at his discretion. He is constrained only by the forces of competition.

Obviously, there are inherent dangers in such a free-for-all system. Brokers who double up as jobbers may face a conflict of interest in their dual roles as client's agent and jobber. In the international market, a market maker (jobber) of a scrip cannot become a dealer (broker) in the same scrip. It is also no secret that established jobbers have access to price sensitive information about the company whose shares they trade in. This enables them to indulge in insider trading.

Not in the BSE. Ideally, every listed scrip should have at least one jobber to ensure easy liquidity for an investor. Unfortunately this is not the case on the Bombay Stock Exchange (BSE). In fact, out of 3,500 listed scrips, barely 1,100 are traded everyday while others may not change hands even once a month.

The BSE authorities are now planning to introduce rules that would gradually thrust more responsibility on jobbers and also make them more accountable. As is done in international markets, all jobbers will have to be registered. Thereafter, a licence will be issued which will allow the licencee to operate on specified counters. To keep a tab on the jobber, a periodical assessment will be done, and defaults would result in deregistration.

Norms for quotation and a maximum ceiling for jobbers' margins, as a percentage of the value of scrips, will also be fixed. Since this is a risk bearing function, the commission would be higher than normal brokerage rates. However, these suggestions make little sense, since the situation differs for different scrips; it is probably better to let competition decide spreads.

With computerisation, it is easy to ascertain the outstanding position of any jobber. This allows speculator cartels to gang up against a particular jobber and rake in a huge profit. For instance, when a leading jobber fell short in ACC, a cartel of speculators went on a sustained buying spree, forcing the hapless victim to square off his position at a considerable loss.

The BSE, as part of its regularisation programme, plans to offer some safeguards against such exposure. Short term liberal bank advance in the form of overdrafts or against collaterals is one. The BSE also hopes to ensure supply of shares to the jobber from the company, perhaps by reserving one-fourth per cent of the paid-up capital for the jobber.

Pursuant to the standing committee meeting of the presidents of stock exchange's held in Bangalore in December 1987, it was decided that companies with issued capital of more than Rs.3 crore should be requested to appoint a market maker. "Although this is a listing requirement, we do not insist on its compliance" says M.R. Mayya, executive director of the BSE. He admits that the issue is complex and calls for gradual reforms which should take atleast five years to implement.

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italised operations and act on behalf of companies and larger clients. While they handle a larger volume of transactions the risk they bear is proportionate since price changes over the long term could hurt the value of their inventory. This makes them extremely sensitive to information about the companies they job in, thus their knowledge about the market and the operations of the company whose shares they trade in is usually the most up-to-date.

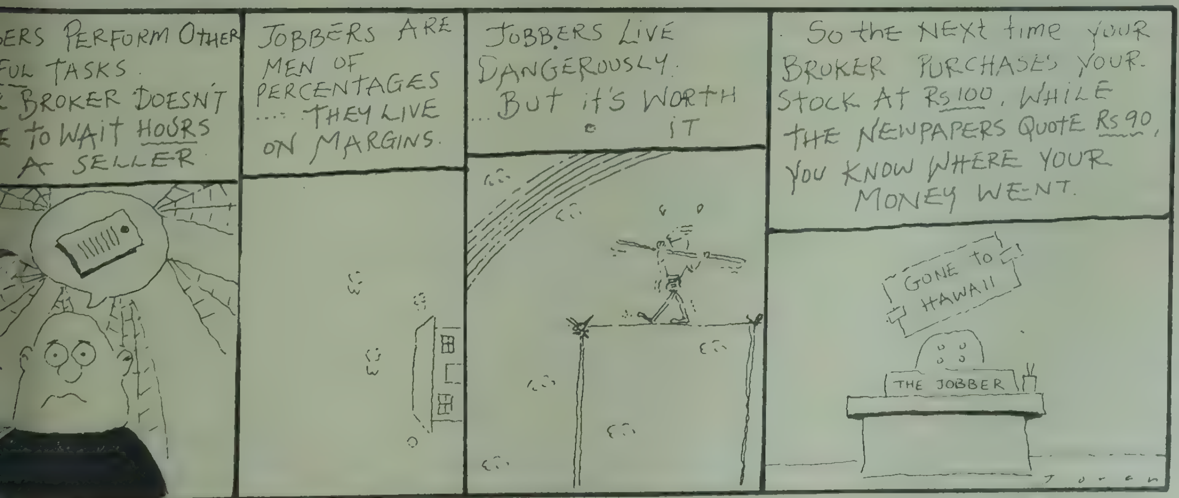
Unlike main jobbers in speculative scrips, cash-scrip jobbers must necessarily carry inventory over long periods because of the slim trading volumes in most cash scrips. This is because buying and selling orders for most cash scrips follow no pattern: demand and supply are rarely matched over the same day or even over the same week. This exposes the jobber to sharp price changes for held scrips which together with the large inventory adds up to higher cost. Not surprisingly, cash-scrip jobbers charge higher spreads.

Several jobbers actually prefer cash-scrip to speculative jobbing. "When the trading volume in a scrip is limited the margins are better. And with less competition, this creates a virtual monopoly in that counter," says Kartik Parekh of Narbheram Harakhchand share and stockbrokers, who jobs in 18 cash scrips on the BSE.

Other jobbers select their scrips based on what is otherwise traded at the *patia* or trading counter. At most *patias* more than one scrip is traded. So a jobber could conveniently expand from one scrip to others traded at the same counter. At the Punjab Alkalies counter, for example, scrips are traded. The trouble is, a jobber must always be at the counter. "A jobber might want to deal in two particular scrips, but they might be dealt with at different counters," says Bharati Dhiren Thakkar. "Hence jobbers, due to restricted time and mobility, cannot trade in them simultaneously." She is the first woman to enter jobbing and has been operating since 1987.

Spread thin

A jobber's spread depends largely on the demand and supply for the scrip, its trading volume and liquidity, apart from the equity base and shareholding pattern of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JOBBERS ARE MEN OF PERCENTAGES .... THEY LIVE ON MARGINS.
JOBBERS LIVE DANGEROUSLY. ...BUT it's WORTH IT
So the NEXT time YOUR BROKER PURCHASES YOUR STOCK AT Rs100, WHILE THE NEWPAPERS QUOTE Rs90, YOU KNOW WHERE YOUR MONEY WENT.
GONE TO HAWAII
THE JOBBER

the company. Actively traded scrips attract a large number of jobbers. There are over a dozen jobbers for Tisco who operate on wafer-thin margins of 25 paise. The shares of closely held companies for which trading is thin make for more spread. Tea Estates, for example, quotes at a Rs.5-spread on a price of Rs.150.

The percentages for spreads on BSE can best be appreciated by comparing it to trading on the International Stock Exchange (ISE). BSE spreads in the specified group average less than half a per cent of traded value. For ISE's active scrips the figure is 1 per cent. For BSE's unspecified scrips (B group — equivalent to ISE's less active scrips) the difference is striking: 25 per cent against 5. Since the objective is to keep the spread percentage down, M.R. Mayya, executive director of BSE, says, "We have beaten ISE in the active scrips but have taken a beating in the less active category. But the exchange is working towards a better figure in the latter category." Of course, competition for business ensures that all the jobbers in a scrip quote the same spreads.

One of the problems that the BSE is examining is the relation between the liquidity of the jobber and the spread. Most broker members who undertake jobbing are financially sound. But for sub-brokers and authorised agents, who make up half the jobbers, the situation is different because of the lack of capital. "We don't take chances. A day-to-day squaring up is more or less adhered to," says Yogesh Raval, a sub-broker.

While a jobber's financial risk is limited to his capacity to absorb losses, it makes sense for brokers to spread their risk by employing jobbers in a variety of scrips. Depending upon the volume of business, a jobber would need free funds ranging from Rs.5 lakh to Rs.1 crore to fall back on in dire straits. This is when a jobber's qualities assume importance. "He has to be shrewd and alert besides being able to predict the market fairly accurately," says Ashok C. Samani, a broker member with 17 years' market experience, of which 14 have been spent in jobbing alone. Currently Samani deals in 225 scrips — one of the largest portfolios on BSE.

Gauging the mood

How do jobbers actually set prices? Most start by gauging the market mood. The opening prices of leader scrips — Tisco, Reliance, ACC, Telco and Bombay Dyeing — are closely monitored. "Since these scrips dominate trading volume, they indicate whether the market's sentiment that day is good or bad. They are the stock exchange index-related scrips, hence the index itself is an equally good barometer," explains Raval. If the prices of these lead scrips are higher than the previous day, the prices of all other scrips are marked up by jobbers. Further price movements depend on the "action" in the scrip.

Apart from monitoring the market leaders and the index, jobbers have to be alert for big speculative action as well as institutional moves. Most jobbers frequently move out from the *patia* to watch the situation from the outside. They look for indications of brisk buying and selling, which imply both good demand and supply for that security.

Taking notes: the need for constant information

This influences them to trade more actively. "Heavy buying or selling could mark the entry of financial institutions with money muscle or of company management," explains an institutional jobber. He adds that institutions often give him limits below which prices of certain shares should not fall. This happened at 1:30 pm on 27 June when Grasim was about to declare its results. Since financial institutions had been buying the share steadily over the past few weeks at prices averaging Rs.127, the moment the price dipped lower, an institutional broker purchased whatever was available (about 6,000 shares) at that price.

Spotting speculators

While institutional trade tends to anchor prices, the reasons behind their moves are generally well-known as they usually do not buy and sell on the same day. Since institutional brokers are identifiable, the jobbers' reaction follows the institutional direction. What is difficult to identify are the motives of large speculators. They carefully camouflage their intentions by buying and selling simultaneously. How do jobbers deal with this? A generally bullish jobber says, "Whatever the amount demanded, I would offer only a small quantity initially to minimise the risk. If this demand continues, then I would know whether the speculator wants to buy or sell on average and would adjust my offers accordingly."

A jobber leads a stressful, tension-filled life. Working behind the scenes on exchanges needs nerve and sound judgement. There are many old hands at the game, and an equal number of rookies with visions of instant fortunes. But the law of survival that works here ensures that only the best operate. ■

LANCELOT JOSEPH

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KAMAT RESTAURANTS

Recipe for growth

In 1954, Bombay's Churchgate railway station and its neighbourhood were shadows of their current selves. At that time, the proposal to expand the station had been cleared, but construction was nowhere in sight. Venkatesh Kamat saw, however, beyond the bricks and concrete, the increase in the number of commuters which the station would disgorge once it was completed. So he rented, at the princely sum of 25 paise per square foot per month, the 4,500-square-foot hall in the ground floor of the Indian Express Building, owned by Ramnath Goenka. There he set up shop — the Satkar Restaurant — where a *thali* was served for 65 paise and a cup of tea cost 15 paise. And, since the Churchgate neighbourhood developed and Satkar became a popular eatery, there's been no looking back for Venkatesh Kamat.

Even at that time, however, the 32-year-old Venkatesh was no novice in the business. He already had nearly 20 years of experience behind him, having worked in a number of small Udupi restaurants ever since he arrived as a young boy in Bombay, from his village in Karwar. Gradually, he had worked his way up: before Satkar he had already started three smaller restaurants, tucked away in the bylanes of Bombay. But Satkar marked his first step into the big league.

Number multiplies

Rapid strides have been made since. With the second generation of Kamats — sons Krishna (40), Vithal (37) and Shivanand (35) — entering the business, the number of restaurants in the Kamat fold has multiplied in the last ten years. A chain of 3-star hotels has been added as well.

Currently, the Kamats' holding company, Venkatesh Hotels Private Ltd, which recorded a turnover of Rs.14 crore last year, owns seven restaurants (Satkar, Samrat, Status, Suruchi, Suvidha and two branches of Santoor), six snack bars serving traditional south Indian fare, and six budget hotels located at Khandala, Vapi, Silvassa, Daman and Ankleshwar. The latest acquisition is the Airport Plaza Hotel, near Bombay's domestic airport at Santa Cruz. However, unlike the hotel chain, which is wholly owned by the Kamats, some of the restaurants have been constituted as partnerships and some are only being managed by them. The Kamats also have a stake in the Asiatic department store in Bombay.

Surprisingly, only the six snack bars and the hotels, have the Kamat signboard. This has often led to confusion. The Kamat name is popularly associated with a large chain of over 100 restaurants serving cheap, traditional south Indian food. The explanation is simple: Kamat is a common family name among Saraswat Brahmins, and numerous members of this community own restaurants. The other big chain of Kamat restaurants belongs to the Bangalore-based brothers — R.P. and G.P. Kamat.

Were Venkatesh Kamat's restaurants then simply cashing in on the goodwill of another established name? Vithal Kamat, the most vocal of the brothers, stoutly denies this. According to him, there is a close family connection with the Kamats of Bangalore, whom they have also helped in setting up a number of restaurants. The two Kamat logos are also different he says. And when the Venkatesh group decided to set up a chain of restaurants serving only south Indian snacks, they decided to distinguish it from the others (which also serve Moghlai, North Indian and Gujarati cuisine).

Venkatesh Kamat has come a long way

The debate over brand names (so to speak), apart, there is no denying that while the G.P. -R.P. Kamat group holds sway in southern India, the Venkatesh Kamat clan has established itself as seasoned restaurateurs in the western half of the country.

Recipe for success

What is the Venkatesh Kamat group's recipe for success? "Selecting the right locations for the restaurants," says Vithal. By opening or managing restaurants in prime locations: residential areas like Cuffe Parade and Walkeshwar in Bombay, or in the heart of the city's business district, Nariman Point, the Kamats ensured themselves a burgeoning clientele. Both the leisurely diner and the rushed office goer, out to grab a quick bite, are catered to. "We serve the people what they want at a reasonable price," says Vithal. Another key factor, according to him, is "perfect planning in managing the restaurants".

"Strict quality control has also helped," adds Krishna. Working as a team, each brother's expertise is drawn upon to manage the restaurants more efficiently. Krishna, a commerce graduate, is the finance man and handles accounts. Vithal looks after expansions and new projects, while Shivanand, who has studied hotel management, oversees purchases, labour relations and everyday management.

His training in civil engineering, says Vithal, helps him renovate or set up hotels and restaurants at short notice. "After taking over the management of Waikiki, a fast-food restaurant in south Bombay, it was converted into a Kamat restaurant within seven days. The 28-room Khandala Hotel was completed in five months," he says. In fact, in the Kamat storerooms, there is always enough kitchen equipment as well as furniture, which can be used to set up a 120-seat restaurant overnight. This stockpile also helps to quickly replace damaged equipment in the existing restaurants.

Besieged by offers

Because of their meticulous attention to detail, claims Vithal, the group is besieged by offers to take over losing restaurants, as has happened in the case of Suvidha. Their expertise is being sought abroad as well. Some Indian restaurants, like Shaan and Diwana in London, Chandini in Antwerp, Namaskar in Tokyo, Pasand in California as well as India Coffee House and Delhi Darbar in Dubai, have a Kamat connection. They were consultants for the planning and commissioning of these restaurants.

Vithal: the right locations

Vithal is all praise for the speed with which restaurant projects get approved abroad. "In Japan or America it takes just three days to get permission to open a restaurant. Here it takes more than three months and permission has to be granted by 17 departments." The 35 to 40 per cent sales tax compulsorily levied on food, and the 37 per cent expenditure tax slapped on to room tariffs that exceed Rs 500 per day are also considered irrational by the Kamats.

Circumventing the high expenditure tax are the group's 3-star hotels. Their lower room tariffs qualify for only 7 per cent tax. According to Vithal, by concentrating on expanding their chain in the budget hotels bracket, they are being true to form. Their restaurants serve reasonably priced food; their hotels offer reasonably priced accommodation. The Kamat logic is simple: people with expense accounts will stay in 5-star hotels; those who have to pay themselves, will prefer Kamats.

The Airport Plaza Hotel is the latest coup for the Kamats. It was acquired just two months ago at a reported price of Rs.9 crore. Plans are also afoot to set up three more hotels in Maharashtra, Gujarat and Madhya Pradesh at a total project cost of Rs.26 crore. When these are complete and operational, the chain will comprise nine hotels. Dai-ichi, the Japanese chain of budget hotels, is being persuaded to lend its name. "We will beat the 5-star groups by having the best 3-star chain of hotels," proclaims Vithal with confidence.

High growth area

The Kamats dismantled the flight kitchen at the Airport Plaza Hotel to avoid a head-on collision with the big names in the business. Though they are confident of their standing in the lower tariff-higher occupancy segment, a clash with the Taj, Oberoi or Welcomgroup chains may be unavoidable. The Kamats may not want to climb up the star-studded hotel ladder, but those on the top rung, judging by current trends, don't seem averse to climbing down — budget hotels are increasingly being considered a hig growth area.

Within the community of restauran owners, however, the Kamats' expansio has drawn comment. Restaurants are paying business but the returns aren' high enough to warrant the rapid addition of hotels and restaurants, they argue According to Vithal, it is their own investment companies and bank loans whic are funding their expansion and diversification, which is evidently an ongoin process. A public issue is also on th cards.

Now they want to expand the reach o their cuisine to beyond the restaurant and hotels; the Kamats want to sell thei dishes over the grocery counter as packaged, ready-to-eat processed foods. On idea is tetrapacked sugarcane juice. A new company, MacDonald Foods Privat Ltd, has been floated for this purpose. Negotiations are under way to obtain Italia or German technology for this Rs.3-cror plant, which will be located between Bombay and Gujarat.

Popular scheme

The Kamats also initiated a scheme following the acquisition of the Airpor Plaza Hotel, which has become increasingly popular with hotels. Kamats' Clu will entitle members to a variety of facilities — use of the swimming pool, th health club and the tennis courts, discounts on room tariffs at all Kamat hotel and a host of other hotels and shops wit which the Kamats have agreements. Th membership tab: Rs.15,000 for corporat executives and Rs 11,000 for families fo a 10-year membership. The money will b refunded, at the end of the period, thoug without interest. These funds, says Vitha will also help the group meet expense for new projects.

Another new company, Kamat Developments Private Ltd, is expected to serv a dual purpose: handle the constructio of new Kamat hotels and develop real estate independently. 'Currently, it is constructing 87 one-acre farm houses on 100-acre complex near Karla caves, o the Bombay-Pune road. The Rs.4-cror project is expected to be complete by th end of next year.

This is a far cry from the Satkar of 3 years ago. The Kamats already have a lo on their menu, but there always seems t be room for more.

■ INDIRA KHANN

SANGHI

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AUSTRALIA

Coming to terms with India

The events that took place at Peking's Tiananmen Square posed a very serious question about Australia's future. With its foreign debt pushing it into the arms of Japanese investors, Australia is now desperately looking for alternative markets in Asia. Here, India looms large.

Ironically, for a nation whose first substantial export was coal to Calcutta as far back as in 1801, Australians know surprisingly little about the economic landscape of the subcontinent. Rejected by England in the early days of the EEC, Australia hitched on to the conveniently emerging Japanese economic machine. For a generation, business with Japan boomed but mostly on Australian terms — which quite simply was pulling resources (coal, iron ore) out of the ground and shipping it in bulk carriers.

With Japan's new international role as the world's largest creditor nation, Australia suddenly finds itself unable to survive on commodity trade alone. The challenge now is to compete in manufactured goods. But for too long Australia has been satisfied to ride the sheep's back, as it were.

India lags behind

Its much vaunted relationship with China briefly promised exciting new economic prospects for Australia, and led to a sizeable injection of Chinese manufactured goods at competitive prices into the Australian market. Now Australia realises the need to do business with other Asian countries. Taiwan, Malaysia, Thailand, the Philippines, and even Indonesia have been quick to respond to the opportunity; but India lags behind.

Both Australia and India have a remarkably similar climate and geological structure. While coal mining technology understandably attracted early attention, there is potential in other fields for collaboration. Specifically these are solar energy, wind technology for power generation and pumping, arid farming and animal husbandry. Significant exports of Australian made fishing trawlers have already contributed to the Indian prawn industry. But predictably, matters have rested there.

India too needs to improve its performance in the Australian market, exploiting without delay the disillusionment with China. Already businessmen down under are saying that human rights is all very well, but life goes on and so does business; and therefore saving costs in a cheap-labour, disciplined environment like China is far too attractive a proposition for them to pass up.

Like China, India too has a good manufacturing base and cheap labour. An added advantage is the various export free zones in the country and the export incentives that the government offers. But what really puts off investors is our lethargic bureaucracy, our incessant delays in papers moving from one desk to the other for clearance, and the handouts that are expected at every stage when dealing with the Indian government and its various departments.

> **What really puts off investors is our lethargic bureaucracy, incessant delays and handouts at every stage**

While the Australians have traditionally been dependent on the saturated and expensive markets of America and Europe, Indians too have done little to break into the Australian market. For a country with an extensive manufacturing base, India could be in the running to supply consumer products to Australia. And, for a nation sluggish in manufacturing, Australia should be quick to recognise this and take advantage while supplying the technical and scientific expertise India definitely requires presently and will continue to do so for a while.

The message is then quite clear. India could well become one of Australia's largest and most significant collaborators in trade where Asia is concerned. But will the Australians recognise this fact? And will the Indians reciprocate by shaking off their lethargy?

Recent efforts by the Australian government indicate a genuine willingness to extract the 'Indian File' from the too-hard basket in which it has languished for the past 30 years.

For India, the Australian market is comparatively small. For Australia, however, India's large and growing middle class is a powerful lure, a fact to which Australian bureaucrats rarely fail to allude. It is similar to the message Canberra plugs on the booming economies of North Asia — that of "boundless opportunities". But as Australia is increasingly learning, an opportunity recognised is not necessarily one taken. To come to terms with the Asian world around it, much of the rhetoric of the past decades will need to be replaced with action.

■ GEETA P. KIRPALANI

A success story down under

It was a rare honour for 51-year-old Neville Roach when he was invited to head the board of Fujitsu Australia Ltd last September. As managing director, Roach's operational ambit extends beyond Australia to the entire Asia Pacific operations of the third largest computer company in the region.

The appointment caps a career of quiet achievement that extends over three decades and which began in India. When he first landed in Australia in 1961, Roach was hawking insurance — as branch manager of the New India Assurance Company. It wasn't long before Roach had cottoned on to the fact that insurance was not a high-growth business. But computers certainly seemed to be.

This perception prompted Roach to enroll for a course in computing science after which he joined IBM as a trainee. Apart from the career switch, Roach took another crucial decision just then: to remain in Australia. According to him, he was progressing at a steady clip, moving up, eventually into systems engineering. Also, the Australian government's change in policy was more welcoming to immigrants. Fifteen years at Big Blue was enough for Roach to realise that, in a giant highly bureaucratic organisation, carrer growth would be limited. So in 1980, Roach headed for IBM's nearest competitor — Fujitsu or Facom as it was then called — and took charge of the systems engineering function.

As yet, Fujitsu does not have any significant presence in India though Roach is personally very keen to exploit "the huge opportunity" that the Indian market represents.

■ GEETA P. KIRPALANI

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and is poised at a pha
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Excerpts from the speech delivered by the Chairman, Shri N.D. Prabhu, at the Third Annual General Meeting held on 11th, June 1990.

N.D.PRABHU
CHAIRMAN

ECONOMIC ENVIRONMENT

The country has made tremendous progress in various fields. The Government has put forth its vigorous and innovative efforts to bring about allround improvement in the Economy. The Statement of the Finance Minister, that the Government will speed liberalisation of tax and duty structure if the corporate sector responds to the incentives provided in the central budget, are all pointers to more sops for the industry. The budget also reflects a shift in emphasis from the Urban to the Rural and Agricultural Sector. The measures proposed to be introduced will bring down the cost of agricultural credit and will enable countrywide adoption of new strategies on rural credit which will definitely boost agricultural activity in the country. In industry, the sustained growth of about 8% is indeed encouraging. Recent changes in Industry and Trade Policies appeared to have the desirable effect of bringing about greater efficiency in the industrial system. Capital goods and consumer durables industries performed well. A larger number of intermediate and Capital Goods Industry led the upswing in the output.

The new EX-IM Policy of the Government aims and seeks to provide a more liberal import environment for export producers. The Stock Markets have shown consistent buoyancy truely reflecting the economic growth.

Banks in India have been diversifying their functions by taking up activities like Merchant Banking, Equipment Leasing, Housing Finance, Venture Capital Fund, Mutual Fund ...etc. With the approval of RBI six Equipment Leasing-cum-Merchant Bank subsidiaries have been set up including one in the private sector.

CAPITAL MARKETS

There is optimism prevailing in the Indian Stock Markets. The budget and the EXIM policy have been welcomed by the industry. The Share Market staged a noticeable recovery following speculative as well as renewed investment support. The positive role accepted by the financial institutions for giving "stability" to the capital markets may have sound implications on the capital markets. RBI has also issued detailed guidelines to Banks on important aspects of Mutual Fund business which will go a long way in giving the "stability" in the capital markets. The Government of India has initiated a number of measures to achieve qualitative changes in both Primary and Secondary markets. The formation of SEBI is a step in this direction. SEBI has brought out detailed guidelines with regard to functions and role of Merchant Bankers in the country.

The performance of the new issues in Capital Market has picked up momentum during the year compared with the previous 2 years. The year 1989-90 witnessed not only large number of Public Issues but also significantly larger amounts. There were 187 Public Issues during the year and a sum of Rs. 2800 Crores (approx) was mobilised. The response from the Public to the issues during the period was, on the whole, excellent. Out of the total amount of Rs. 2800 Crores raised from the Public during the year, over 59% was through Fully Convertible Debenture Issues. Amongst the most important development for the year was the increase in participation of Mutural Funds in the Capital of Indian Companies.

With the Government permitting banks to set up their Mutual Funds, allowing membership in Stock Exchange for the subsidiary of the Banks and SEBI as an APEX Body for regulating the securities industry in general and Merchant Bankers in particular, for ensuring investor Protection, the Indian Capital Market is expected to have steady and healthy growth. The recent guidelines on capital issues, codification of business ethics for the merchant bankers, regulations on security dealings on Stock Exchanges are expected to be catalytic to healthy growth of Capital Market on sound lines and at the same time afford maximum possible protection to the investors.

LEASING INDUSTRY

The profile of the companies in the Indian Leasing Industry consists of financial institutions, commercial banks, private finance and leasing companies while foreign banks and financial consultants play an active role in lease broking. The role of Leasing in modernisation and expansion programmes is likely to grow further. The Lessors are gradually adopting the new regulations on accounting advised by the Institute of Chartered Accountants. With the acceptance of Leasing as a recognised method of finance by public sector undertakings, removal of Section 115J and Investment Allowance provision under Income Tax Act, 1961, the future of leasing business is bright. CANFINA has positioned itself to play an active part in the Leasing Industry.

The industries are also showing preference toward
Purchase and instalment sale options. Permission to u
take Hire Purchase and instalment sale of equipment
bined with Leasing will encourage the banks' subsidia
serve the corporate clients better in meeting their
ine funding needs.

There are still certain avoidable constraints making the
finance from becoming a major source of finance. Th
of Sales Tax on rentals by many of the State Govern
makes Leasing unattractive for lessees. The difficulty
in obtaining approval for issue of 'C' forms by lessors
Sales Tax is another constraint. Removal of such const
can go a long way in making leasing play a domina
for accelerating industrial modernisation and growth.

PERFORMANCE OF CANFINA

The Third year of operations has been quite excitin
CANFINA. The total income increased from Rs.
Crores to Rs. 64.16 Crores during the year, regis
growth of more than double as of last year. Profit Befo
increased from Rs. 15.20 Crores to Rs. 27.33 Crores
stering an increase of around 75%. Out of the Profits after tax, major portion has
transferred to reserves. A sum of Rs. 22.50 Crores has been transferred to G
Reserves during the year. A Contingency Reserve to the extent of Rs. 2 Crores ha
been created. Dividend has been stepped up from 18% to 20% for the year. Durin
year, paid-up equity share capital of the company has been increased by Rs.10 C
subscribed entirely by Canara Bank. The networth of the company as at March 31
stands at Rs.56.99 Crores (previous year Rs. 22.89 Crores).

CANFINA has achieved allround performance in the various financial services o
during the year.

In the Leasing front, cumulative sanctions amounted to Rs. 181.78 Crores and ir
from this activity increased from Rs.12 Crores in 1988-89 to Rs.24.97 Crores. Recov
dues has been very good.

The Company continues to be in the premier position in the capital issue manage
CANFINA handled 152 capital issues during the year mobilising a sum of Rs.3420 C
including some prestigious issues of Public Sector undertakings.

Investor services gained momentum during the year and CANFINA launched "
the Counter" facility at Bombay, Bangalore and Madras branches for disposal of oc
by investors.

The Broking Activity commenced during the year at our Calcutta office and wil
further momentum when it becomes operational in our Delhi Office too.

The Portfolio and Asset Management Services were availed by 35 corporate clients c
the year and Project Advisory and Syndication services were availed by 16 com
during the year. The Issue House and R & T Services also gained substantial mark
sence. Canbank Venture Capital Fund was launched during the year with an initia
tribution of Rs. 10 Crores by Canara Bank and Rs. 10 Lakhs by CANFINA.

CANFINA has been entrusted with the work of promoting the Factoring Se
subsidiary for Canara Bank and the inprinciple clearance in this regard has alread
received from the Reserve Bank of India.

CANFINA is marching ahead with confidence and is now poised to a phase of accel
growth. CANFINA is aiming at providing total satisfaction to the clients and th
emerge as an "Integrated investment banking institution".

ACKNOWLEDGEMENTS

I dedicate the Third Annual Report to the staff/executives of the Company for thei
mitment and tremendous efforts which enabled the company to attain the presen
able level of operations.

I must also express my grateful thanks for the co-operation and valuable assistance
colleagues on the Board in directing the affairs of the Company.

I also take this opportunity to place on record our sincere thanks to the Governm
India, the Reserve Bank of India, Canara Bank and above all the valued custome
depositors of the company for their excellent co-operation and support.

THIS DOES NOT PURPORT TO BE A RECORD OF THE PROCEEDINGS OF THE AG

ahead with confidence
# of accelerated growth to emerge as an
banking institution".

OARD OF DIRECTORS

D. Prabhu	– Chairman
Lakshminarayanan	– Vice Chairman
nsi S. Mehta	– Director
dhir Jalan	– Director
P. Rao	– Managing Director
Kannan	– Executive Director

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Lakshminarayanan
ecutive Vice-President (Finance)

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ERFORMANCE HIGHLIGHTS

	1989-90 Rs.in lacs	1988-89 Rs.in lacs
id up capital	2,600-00	1,000-00
serves & Surplus	3,699-44	1,289-48
oss fixed Assets	10,641-02	6,513-21
preciation	1,873-86	949-18
t Block	8,767-16	5,564-03
oss Income	6,416-16	2,975-92
ofit before tax	2,733-34	1,520-05
ofit after tax	2,258-34	1,270-05
of dividend declared	20% p.a	18% p.a
mber of employees	148	116

UR SPECTRUM OF SERVICES

) Capital Market Services:

nagement of capital issues for private, public and joint tor companies, covering public/rights issues of all es of securities, providing services from Capital Structing upto refund reconciliation as a single package.

) Financial Services:

visory services are formulated to suit the special uirements of every customer.

reparation of Project Reports.
redit Syndication.
roject Finance, Deferred Credits, etc.
dvice on Intercorporate Finance.
orporate cash portfolio management: for effective nanagement of short term surplus with ideal mix of ield, security and liquidity.

) International Services:

requirements of the International market are met by specialised services relating to

- Credit Syndication.
- Foreign currency finance.
- Counselling on transfer of technology, collaborations, joint ventures.
- Arranging and matching proposals for collaborations, equity participation, joint ventures including government clearances.
- Advice to foreign entities on setting up of industries in India, including projects of non-resident Indians and persons of Indian origin.
- Counselling, structuring the proposals, determining terms of collaboration, joint venture, selection of legal advisors and preparation of agreements.
- Portfolio management for non-resident Indians, persons of Indian origin for investment in primary and secondary markets.

(d) Strategic Services:

- Entrepreneurial advice on selection of projects, location, consultations, etc.
- Market Surveys.
- Mergers, amalgamations, acquisitions including assistance in identification of matching proposals, capital structuring, preparation of schemes, valuation of assets, shares, approvals of the Government, Courts, etc.
- Advice on rehabilitation schemes for sick units including restructuring.
- Venture capital activities.

(e) Leasing:

Attractive lease packages are available to suit the needs of both small and big customers. Emphasis is given on Import leasing and big Ticket leasing.

(f) Industrial Consultancy:

Professional counselling and guidance from project identification to successful project implementation is taken up. This includes project consultancy, management consultancy, research and training.

(g) Venture Capital:

First generation entrepreneurs are encouraged by our emphasis on technology development thereby contributing to national objectives.

(h) Investor Services:

(1) Investors News letter : Its a highly informative tabloid providing indepth knowledge of primary and secondary markets.

(2) Membership in Delhi and Calcutta Stock Exchanges: The investor can now depend on us for healthy speculation and profitable investments.

(3) Inhouse Data Processing Centre: Timely service is provided in handling of issue application, refund payments, dividend and interest payment.

(4) NRI portfolio Management: Our thorough knowledge of Indian Industrial scenario has helped NRIs to invest profitably in various Indian Companies.

(5) Dealer Network for Mega Issues: This extensive network ensures that every investor is reached resulting in oversubscribing of Mega issues handled by us.

(6) Across the counter facility: 'Odd lot' equity shares can now be easily disposed through our across the counter facility.

OUR NETWORK

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Bata India

Good performance despite poor production at Batanagar; higher unit realisations; fall in leather prices; new sports footwear — ADIDAS — launched

Bata India, one of the largest footwear manufacturers in the organised sector has done well during its 57th year of operation ended 31 December 1989.

The total turnover at Rs.321.34 crore — the highest recorded in the past five years — indicated a growth of nearly 24 per cent over the previous year. Sales would have been better but for the disturbed conditions in Punjab, Jammu and Kashmir and the north eastern states. Poor production at the company's major unit at Batanagar also had impeded growth.

Sale of leather footwear improved by 5 per cent in terms of volume but went up by more than 25 per cent in terms of value — unit value realisation being Rs.97.64 against Rs.82.03 per pair. Contribution from this product line increased to Rs.178.41 crore which is more than 56 per cent of the total turnover. Rubber/canvas footwear sales recorded a growth of just 2.6 per cent volume wise but the nearly 26 per cent growth in terms of value indicated a shift to higher value added footwear in this range. The average price realised per pair of footwear sold improved to Rs.29.80 from Rs.22.79.

The company also benefited from the decline in raw material prices, especially of leather, which brought the total raw material cost (as a percentage of sales) to 53.3 from 57.4 per cent.

Bata India *(Rs crore)*

Year ended	31 Dec '89	31 Dec '88	% change
Net sales	321.34	258.99	24
Other income	0.51	0.37	38
Raw materials cost	171.42	148.57	15
Salaries & wages	67.81	53.47	27
Interest	9.84	7.90	25
Gross profit	9.39	4.81	95
Depreciation	2.17	1.95	11
Taxation	3.61	1.45	148
Profit after tax	3.61	1.41	156
Equity capital	10.50	10.50	
Reserves & surplus	19.56	17.53	
Revaluation reserves	6.92	6.92	
Net block	18.35	17.13	
Market price (Rs.)			
Current	72.00		
1990 — High	90.00		
Low	50.00		

These two factors led to a significant increase in the gross profit. In fact, the gross profit for the year would have been higher but for the Rs.2.40 crore compensation paid to the employees under the voluntary retirement scheme.

The profit at Rs.9.39 crore reflects a 95 per cent growth over the previous year's earnings. The profit margins are however still very low — 2.9 per cent at gross level and 1.1 per cent at net level.

With a view to expanding its footwear range, the company introduced sports and special application footwear. The company has started commercial production of 'Adidas' range of footwear at its Bangalore factory, and the product has already been launched in the market.

Bata has also diversified into marketing of apparel under its popular brand name, Power.

Pudumjee Pulp and Paper Mills

Improved performance; cost reduction measures paying off; margins up; bonus candidate

Pudumjee Pulp and Paper Mills, the Pune based paper unit with an installed capacity of 13,500 tonnes, has turned in a vastly improved performance.

Production of paper during the year ended March 1990 increased to 20,211 tonnes — an 18 per cent growth over the previous period, on an annualised basis. The quantity of paper sold was also higher at 20,446 tonnes against 17,532 tonnes (annualised). While this represents only a modest increase of just 17 per cent, the total value of sales went up by 44 per cent to cross the Rs.50 crore mark, partly due to better product-mix and partly to higher unit value realisation.

Various cost reduction measures adopted by the company have led to improved profitability. For instance, increased usage of bagasse pulp in speciality papers has reduced the need for imported pulp. Use of speciality chemicals has also resulted in lowering the material cost of chemicals.

All these factors have improved profit margins. Gross profit in relation to net sales works out to an impressive 13.5 per cent. In spite of providing substantially higher depreciation and taxation charges, the net profit is more than 175 per cent of the profit generated in the previous period on an annualised basis.

Pudumjee Pulp & Paper Mills *(Rs crore)*

Year ended	31 Mar '90	31 Mar '89*	% change**
Net sales	56.03	48.58	44
Other income	1.46	1.75	–4
Excise duty	2.66	2.87	–16
Raw material costs	25.91	20.25	60
Salaries & wages	3.00	3.51	7
Interest	2.95	2.93	25
Gross profit	7.58	5.39	76
Depreciation	2.96	2.93	25
Taxation	1.22	0.46	230
Net profit	4.40	2.00	175
Equity capital	3.08	3.08	
Reserves & surplus	17.80	11.97	
Gross block	40.80	39.65	
Dividend (%)	15.00	15.00	
Market price (Rs.)			
Current	112.50		
1990 — High	135.00		
Low	16.00		

** 15 months* *** annualised basis*

This yields an average earnings per share of Rs.142.86. The reserves of the company as at the end of March covers the modest capital base of Rs.3.08 crore by nearly six times.

Borosil Glass

Higher overheads and tax liability keeps margins under pressure; dividend up by five points on an annualised basis; rights convertible debentures for equity of Gujarat Glass Ltd; bonus still illusive

Borosil, which changed hands during the year with Kherukas taking over from Corning Glass USA, has come out with satisfactory results for the year ended 31 March 1990. The net profit has marginally declined due to higher tax liability. But the company has stepped up dividend by five points, may be with an eye on its forthcoming debenture issue.

The company is engaged in the manufacture of scientific apparatus and laboratory glassware as well as domestic cooking glassware. Of the total sales, the former accounts for about 80 per cent and the latter a meagre 10 per cent.

Due to escalation in input costs and higher operating expenses, increase in

Borosil			*(Rs crore)*
Year ended	**31 Mar '90**	**31 Mar '89***	**% change****
Net sales	20.71	21.00	23
Other income	0.47	0.27	117
Power & fuel	3.52	3.71	18
Repairs & Maintenance	1.18	1.08	36
Raw materials consumed	1.57	1.23	59
Employees' cost	5.81	7.05	3
Other expenses	4.06	4.65	9
Interest	0.62	0.69	12
Depreciation	1.20	1.51	
Tax	1.27	0.83	91
Net profit	1.33	1.67	
Equity capital	2.24	2.24	
Reserves & surplus	8.71	7.94	
Borrowings	5.09	4.48	
Gross block	13.19	13.03	
Dividend (%)	25.00	25.00	
Market price (Rs.)			
Current	64.00		
1989-90 — High	80.00		
Low	52.00		

**15 months **annualised*

profitability was less than proportionate. Gross profit increased by 18.5 per cent to Rs.3.80 crore (Rs.4.01 crore) in the previous period and the company claimed 100 per cent depreciation on certain major items of capital expenditure. As a result, depreciation during the year was marginally lower.

This pushed pre-tax profits up by 30 per cent to Rs.2.60 crore (Rs.2.50 crore). Ratio of tax to pre-tax profit rose by 15 points to 48.9 per cent (33.2 per cent). Lower depreciation has resulted in an over 90 per cent increase in tax liability to Rs.1.27 crore (Rs.0.83 crore). As a result, net profit marginally declined to Rs.1.33 crore (Rs.1.67 crore).

Sales of domestic cooking glassware registered a growth of 47 per cent to Rs.2.12 crore (Rs.1.80 crore). Exports were up by 29 per cent to Rs.0.54 crore (Rs.0.52 crore).

Raw material costs during the year escalated by 60 per cent to Rs.1.57 crore (Rs.1.23 crore). However, the effect was not much felt as the raw material cost accounts for just seven per cent of total sales.

Repairs and maintenance expenses were higher by 50 per cent and packing materials consumed also increased by 50 per cent. Employees cost and power and fuel are the major expenses. While employees cost was tightly controlled, power and fuel cost went up by about 20 per cent.

The higher working capital requirements (by Rs.2.43 crore) was financed by internal accruals of Rs.1.97 crore. Increase in gross block was just Rs.16 lakh. The company is undertaking major diversification plans by setting up a new company to manufacture sheet glass costing Rs.46 crore in Gujarat. The company is subscribing Rs.11.44 crore to Gujarat Window Glass equity capital. To raise funds for this, the company is issuing rights convertible debentures aggregating Rs.11.78 crore.

With a book value of Rs.50 and the last bonus being in 1982, shareholders were disappointed when the convertible debentures were offered instead of bonus.

Deepak Fertilisers

Labour problems affect sales and production; fivefold increase in other income; equity expands on conversion of debentures; forward integration plans under implementation

The working of Deepak Fertilisers, in its post debenture issue period, was severely affected by labour problems. The company, however, reported a significant rise in net profit due to higher income from investments.

Due to a two month strike at its Taloja plant, net sales declined. However, the other income shot up by about fivefold, on account of profit on sale of investments amounting to Rs.1.33 crore (Rs.0.02 crore) and interest on units of the UTI and tax free public sector funds at Rs.11.83 crore (Rs.1.62 crore).

Deepak Fertilisers			*(Rs crore)*
Year ended	**31 Mar '90**	**31 Mar '89**	**% change**
Net sales	36.00	45.84	–21
Other income	13.67	2.31	492
Raw materials consumed	13.99	17.73	–21
Employees' cost	2.04	1.63	25
Other expenses	7.99	6.39	25
Interest	4.04	4.75	–15
Depreciation	7.55	7.72	–2
Tax	2.35	1.58	49
Net profit	11.97	6.94	73
Equity capital	34.21	16.33	
Reserves & surplus	37.08	11.11	
Borrowings	207.39	123.73	
Gross block	183.53	95.56	
Dividend (%)	18.00	18.00	
Market price (Rs.)			
Current	29.00		
1989-90 — High	46.00		
Low	25.00		

The funds raised through the convertible debenture issue (Rs.114.23 crore) were partly invested in units of the UTI (Rs.14.19 crore). The company has credited Rs.12.74 crore being income from the above investment of surplus funds.

Due to labour problems, production of ammonia declined by 20 per cent to 76,115 tonnes (95,309 tonnes). Sales volume declined by 22.4 per cent to 76,602 tonnes (98,666 tonnes). Operating profit increased by 23.7 per cent to Rs.25.93 crore (Rs.20.97 crore). Interest charges were lower by 15 per cent. As a result, gross profit increased.

However, EPS slipped to Rs.3.67 (Rs.4.67) due to an expanded equity base on conversion of debentures. The company had issued 14 per cent convertible debentures aggregating Rs.218.50 crore to finance its forward integration plans. On conversion of part 'A' of these debentures, equity capital expanded by Rs.17.88 crore and an equal amount was added to the share premium.

On conversion of part 'B' and 'C' of the above debentures, equity capital will go up further by Rs.58.58 crore in 1991 and to Rs.80.46 crore in 1992. The benefits from the new projects will be enjoyed only in 1991-92. As per the forward integration plans, the company will process the existing ammonia produced, to manufacture value added products like ammonium nitro phosphate, nitric acid and low density prilled ammonium nitrate. The cost of these plans has escalated by Rs.50 crore to Rs.446 crore. The escalation was financed by retaining 15 per cent oversubscription of its debenture issue and by additional borrowings of Rs.10 crore.

The company plans to cut down its power and fuel cost by 10 per cent when the energy saving scheme for the ammonia plant will be commissioned in March 1991. The project to manufacture 50 tonnes per day of liquid carbon dioxide/dry ice is under implementation. The company has received a letter of intent to manufacture polyacetal, the technology for which is closely held. The company plans to import the Japanese technology for polyacetal which is at present being tested in South Korea.

The government has reduced the pe-

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riod of depreciation for fertiliser plants from 20 to 15 years which will reduce the retention price and ultimately affect the profitability.

FGP

Net profit marginally lower due to higher tax liability; stress on R&D and technology upgradation; dividend raised by four points; likely bonus candidate

FGP is engaged in the manufacture of glasswool, glass textiles and staple tissue. The company has maintained growth in sales and profitability. Although the bottomline declined marginally due to higher tax liability, dividend to shareholders has been raised by four points.

Due to escalation in input costs and higher interest charges, margins were under pressure. Operating profit registered a growth of 12.5 per cent to Rs.5.66 crore (Rs.5.03 crore). Interest charges were higher owing to additional borrowings to the gross block.

FGP *(Rs crore)*

Year ended	31 Mar '90	31 Mar '89	% change
Net sales	26.62	22.49	18
Other income	1.06	0.94	10
Power & fuel	4.01	3.80	5
Raw materials consumed	6.12	4.86	26
Employees' cost	5.16	3.91	32
Other expenses	5.88	4.71	25
Interest	0.97	0.75	29
Depreciation	0.63	0.70	–10
Tax	1.46	0.93	57
Net profit	2.60	2.65	–2
Equity capital	4.90	4.90	
Reserves & surplus	9.42	7.59	
Borrowings	8.06	4.80	
Gross block	18.91	15.96	
Dividend (%)	22.00	18.00	
Market price (Rs.)			
Current	52.00		
1989-90 — High	62.00		
Low	45.00		

Last year, the company had saved on taxes. The expenditure on tank-rebuilding acted as a tax shield (Rs.1.23 crore in the previous year against Rs.0.12 crore in 1989-90). This year the tax ratio moved up from 26 to 36 per cent. As a result of higher tax liability, net profit declined by about 2 per cent.

Sales of glass textiles increased by 33 per cent to Rs.15.82 crore (Rs.11.89 crore). This was despite the 30 per cent fall in sales realisation per tonne to Rs.70,719 (Rs.1,01,364). Sales volume however, shot up by 91 per cent to 2,237 tonnes (1,173 tonnes). Sale of glass wool was stagnant at Rs.11.71 crore (Rs.11.69 crore). Glass wool is used in energy conservation in the industry, transport and marine sector. The company has entered into an agreement with an American company for upgrading technology for production of continuous filament products. R&D efforts are directed towards development of coated glass fabric for naval applications and for developing more efficient methods to recover precious metals from spent refractories. The glass reinforced cement technology can now be used commercially in the field of water management.

Exports during the year increased by 16 per cent to Rs.1.32 crore (Rs.1.14 crore). The company aims to improve its manufacturing processes and develop better quality products for import substitution in local markets as well as for export markets.

The company invested Rs.1.01 crore in 9 per cent Shipping Credit and Investment Corporation of India bonds. These funds could have been invested elsewhere with higher returns or could have been used to reduce costly bank overdraft. Bank borrowings during the year increased by Rs.3.26 crore. This partly met capital expenditure of Rs.2.95 crore and also higher working capital requirements.

EPS declined marginally to Rs.5.30 (Rs.5.40). The company has progressively stepped up dividend from 16 per cent (on post-bonus capital) in 1987-88 to 18 per cent in 1988-89 and to 22 per cent in 1989-90. Last bonus was in 1987 when the book value was Rs.29 and EPS Rs.8.88. For 1990, a moderate bonus may be expected.

MICO

Not so impressive performance; export sales up; margins under pressure; approval to act as Bosch representative cleared

With the boom witnessed in the automobile sector one would have expected the automobile ancillary units to post a vastly improved performance during 1989. If this is so, there would be a tremendous upsurge in both the original equipment market as also the replacement market.

Surprisingly, Motor Industries Company (MICO), the country's largest auto ancillary manufacturing unit, does not reflect the boom prevalent in the industry. The net profit has registered a marginal decline of 3 per cent, that too despite a lower provision of 18 per cent for taxation.

Profits were affected by increases in material costs and personnel costs, also, depreciation charges were higher and could not be offset by increases in price and sales volume.

MICO *(Rs crore)*

Year ended	31 Dec '90	31 Dec '88	% change
Net sales	263.74	228.26	16
Other income	5.77	5.14	12
Excise duty	30.66	28.52	8
Raw materials costs	75.33	65.64	15
Salaries & wages	63.76	50.43	26
Other expenses	50.74	43.71	16
Interest	0.38	0.29	31
Gross profit	48.64	44.81	9
Depreciation	22.53	15.64	44
Taxation	11.50	14.10	–18
Profit after tax	14.61	15.07	–3
Equity capital	38.05	38.05	
Reserves & surplus	67.85	56.44	
Gross block	186.89	148.37	
Dividend (%)	14.00	14.00	
Market price (Rs.)			
Current	875.00		
1989-90 — High	1200.00		
Low	560.00		

In value terms, sales registered a growth of 16 per cent. The spares market remained fairly buoyant following a greater demand by the road transport, agricultural and industrial sectors. However, the demand for spark plugs was affected by the easy availability of imported spark plugs at low prices.

A redeeming feature of the company's performance was the sharp spurt in export sales following the increased demand for distributor type pumps by Germany where MICO's parent company is housed. In the foreign markets of South East Asia, the turnover registered a 60 per cent increase over the previous year.

Despite growth in sales profit margins continue to remain under pressure. GP/sales ratio has dipped to 18.4 from 19.6

per cent. The rising cost of raw materials both domestic as well as imported (following the weakening of the rupee vis-a-vis the major currencies) is a major factor which inhibited profit growth. The total value of imports, including raw materials, components, spare parts and capital goods aggregated Rs.19.82 crore as against Rs.16.85 crore. Besides, the company also had to contend with a higher inventory carrying cost and delayed receipts from customers. Inventories as at the end of the year mounted to Rs.31.82 crore (Rs.22.46 crore) while sundry debtors aggregated Rs.30.88 crore (Rs.27.91 crore).

The dividend maintained at the previous years' level absorbs Rs.5.33 crore. The dividend payout ratio is slightly higher at 36 per cent against 35.4 per cent. The average earnings per share works out to Rs.38.38 as against Rs.39.61.

Production of starter motors and alternators at the company's Naganathapura plant has begun. It also holds an industrial licence for the manufacture of hydraulic and pneumatic equipment and the government's approval to represent Bosch products in India.

TRENDS

Vam Organics

Vam Organics has suffered a setback during the second half of the year. Although sales has gone up by 46.5 per cent to Rs.34.10 crore, nearly 75 per cent of the sales posted in the previous year, the operating profit has risen by only 21 per cent. One factor that is inhibiting the growth of profit has been the steep rise in the raw material cost which has more than doubled during the period.

The company has also suffered because of the dumping of imported material in the Indian market by several West Asian countries. Besides the higher raw material cost the company also had to pay double the interest paid during the entire previous year. While this is due in part to enhanced borrowings for funding the expansion and diversification project, a part of the interest charges could also be due to the higher inventory carrying costs.

Consequently, gross profit has dipped sharply to 20.6 per cent from 33.5 per cent and is just 10 per cent above the profit earned in the previous corresponding period. Net profit has actually declined by 17.4 per cent. In view of the disappointing results the possibility of a maiden bonus issue has receded. This has led to a decline of more than Rs.30 in the share price, which is currently hovering around Rs.120 to Rs.125.

Vam Organics *(Rs crore)*

Period	Oct '89 Mar '90	Oct '88 Mar '89	Apr '88 Mar '89
Net sales	34.10	23.27	44.55
Other income	0.50	0.20	0.36
Total income	34.60	23.47	45.91
Raw materials cost	5.90	2.18	6.24
Salaries & wages	1.50	0.90	1.62
Other expenses	12.55	8.94	14.51
Operating profit	10.05	8.26	16.25
Interest	3.02	0.46	1.51
Gross profit	7.03	7.80	14.74
Depreciation	1.78	1.78	2.86
Tax	0.79	0.60	1.50
Net profit	4.46	5.42	10.32
GP/Sales (%)	20.6	33.5	32.6
RM/Sales (%)	17.3	9.4	14.0

Modi Xerox

The profit margins of Modi Xerox have declined significantly to 11.1 per cent from 13.8 following increased competition in the copier market. Though sales has increased by 27.3 per cent gross profit has actually fallen by Rs.12 lakh. Since raw material cost as a percentage of sales has gone up by just 2 per cent the lower margins are being attributed to an increasingly crowded market.

A lower provision for taxation (th previous period's provision was for a 23 month period) has however enabled th company to post a higher net profit o Rs.5.10 crore. This is higher than the entire profit earned in the previous 11 month period.

Modi Xerox *(Rs crore)*

Period	Oct '89 Mar '90	Oct '88 Mar '89	Apr '88 Mar '89
Net sales	80.27	63.06	87.19
Other income	0.78	0.71	0.90
Total income	81.05	63.77	88.09
Raw materials cost	37.00	27.52	37.38
Salaries & wages	5.40	3.71	6.06
Operating profit	12.02	11.55	14.05
Interest	3.14	2.83	4.88
Gross profit	8.88	8.72	9.17
Depreciation	2.93	2.32	4.15
Tax	0.85	1.45	1.45
Net profit	5.10	4.95	3.57
GP/Sales (%)	11.1	13.8	10.5
RM/Sales (%)	46.00	44.00	43.00

Shaw Wallace & Co

Shaw Wallace & Co, manufacturers and distributors of alcohol, fertilisers and chemicals, has notched a 34 per cent increase in net sales for the second consecutive half year ended 31 March 1990, as compared to the corresponding period last year.

This well diversified company belongs to the Shaw Wallace group whose turnover has gone up to Rs.331.98 crore for the year ended March 1990 as against Rs.216.26 crore recorded in the previous nine-month period. The increase corresponds to a parallel rise in the gross profit. This is reflected in the hike in gross margins to 7.6 per cent from 7.4 per cent. Profitability would have been better but for the increased interest burden. The increased earnings are reflected in the earnings per share moving up by 19 per cent to Rs.11.69 per share.

Shaw Wallace *(Rs crore)*

Period	Oct '89 Mar '90	Oct '88 Mar '89	Jly '88 Mar '89
Net sales	158.71	118.35	216.26
Other income	12.64	11.93	17.43
Raw materials cost & purchases	105.32	77.45	143.72
Salaries & wages	9.66	8.48	11.70
Operating profit	17.04	13.12	18.04
Interest	3.47	2.26	2.37
Gross profit	13.57	10.88	15.67
Depreciation	1.18	0.92	1.17
Tax	4.70	3.90	5.65
Net profit	7.69	6.06	8.85
OP/sales (%)	10.73	11.08	8.34
RM/sales (%)	66.36	65.44	66.46

Meanwhile, two sick subsidiaries namely Calcutta Chemicals and Vinedale Distilleries have been taken over by the BIFR. These will now be rehabilitated under the Sick Industrial Companies Act 1985. IDBI will be the operating agency for preparing a scheme to revamp Calcutta Chemicals while Dena Bank will take care of Vinedale.

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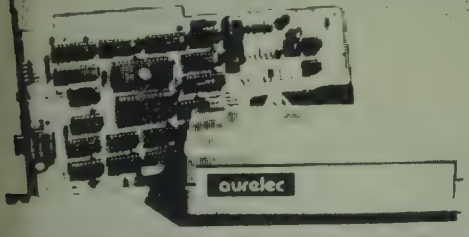

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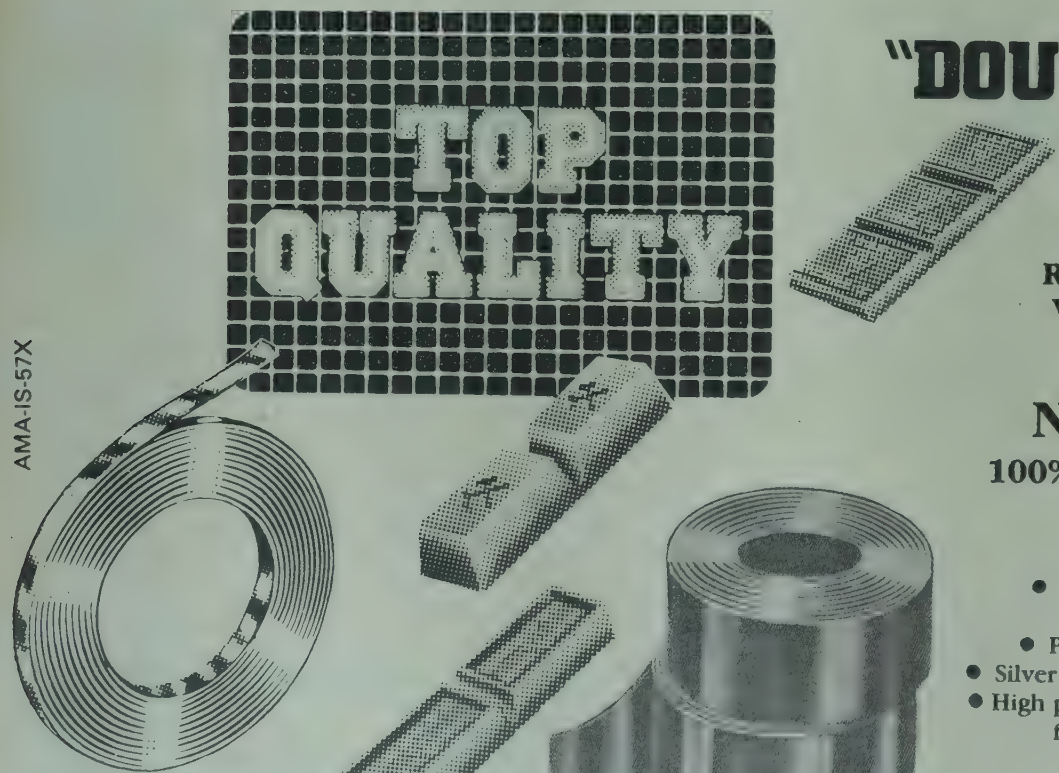

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RESULTS ANNOUNCED

Baroda Rayon

In line with market expectations, Baroda Rayon Corporation (BRC) has produced truly impressive results for the year ended March 1990.

On an annualised basis, net turnover increased by 44 per cent to Rs.203.38 crore (Rs.105.64 crore for nine months). With gross profit showing a sharp rise of 60 per cent to Rs.39.05 crore (Rs.18.25 crore for nine months) on account of higher remunerative realisations for nylon tyre cord, rayon and polyester yarn, the bottomline was higher by 58 per cent amounting to Rs.23.83 crore against Rs.11.30 crore in the previous year.

Encouraged by the improvement in overall performance, the directors have not only hiked the dividend to 25 per cent (15 per cent for nine months) but also rewarded shareholders with bonus shares (in the ratio of 1 share for 2 equity shares held by them). This would involve capitalisation of Rs.8.99 crore from free reserves and the post bonus equity base would increase to Rs.27 crore.

Meanwhile as per company sources, the PFY project is expected to be fully commissioned by early next year. The company has also commissioned the caprolactam recovery plant, which would bring down the raw material cost.

The prospects for the current year appear bright and the company is confident of maintaining the same dividend rate for the coming year.

Larsen & Toubro

Larsen & Toubro (L&T) has reported encouraging results for the year ended March 1990, both sales and profits showing proportionate improvement over results for the previous 18-month period.

On an annualised basis, sales has shown an increase of 39 per cent at Rs.1024.07 crore (Rs.1109.16 crore for 18 months) with gross profit and net profit placed at Rs.99.51 crore (Rs.109.43 crore) and Rs.42.97 crore (Rs.42.49 crore) respectively. The EPS (earnings per share) on the equity base of Rs.68.08 crore works out to Rs.6.31 against Rs.4.65 on an annualised basis for last year.

It has been decided to step up the dividend to 25 per cent against 30 per cent paid for the previous 18-month period.

Meanwhile, the company is doing well with turnover for the first three months of the current year at Rs.246 crore — a rise of about 20 per cent. For the full year, both sales and profits are expected to grow by about 30 per cent, say company sources.

Reliance Industries

Reliance has announced its long awaited full year unaudited results, for the period ended March 1990, which look satisfactory, compared to those of the previous nine-month period ended March 1989.

On an annualised basis, net turnover was higher by 25 per cent at Rs.1,863.19 crore (Rs.1,120.33 crore for nine months) with operating profit (profit before interest and depreciation) showing a proportionate rise of 23 per cent totalling Rs.423.07 crore (Rs.257.75 crore for nine months). However due to a 40 per cent jump in interest charges to Rs.171.30 crore (Rs.91.58 crore for nine months), the gross profit of Rs.251.77 crore (Rs.166.17 crore) has grown only by a modest 14 per cent.

The company has also provided full depreciation on its paraxylene plant and accounted for the loss of inventories due to the floods at Patalganga in July last year. On account of these provisions, the bottomline has shown a drop of 23 per cent on an annualised basis to Rs.81.20 crore against Rs.79.37 crore in the previous nine-month period.

Fag Precision Bearings

Fag Precision Bearings, in which GUJ Jaeger of West Germany hold 15 per cent of the equity, has posted good working results for the year ended March 1990. This has prompted the declaration of a final dividend of 12 per cent which together with the earlier interim works out to a total of 18 per cent as against 16 per cent (12.8 per cent annualised) paid in the previous 15-month period.

After providing Rs.3.06 crore (Rs.3.49 crore) for depreciation and Rs.1.02 crore (Rs.0.52 crore) for taxation, the net profit on an annualised basis zoomed by 156 per cent to Rs.4.58 crore.

Technology upgradation and modernisation at the company will incorporate the latest line manufacturing technology with technical assistance from the collaborators — FAG Kugelfischer Georg Schafer of West Germany. By the end of this project the production capacity would double at a cost outlay of Rs.41 crore. The company is expected to enter the capital market in early 1991 with convertible debentures (rights basis) aggregating Rs.14 crore.

Ranbaxy

Ranbaxy's unaudited financial results for the year ended March 1990 are interesting with sales on an annualised basis zooming by 38 per cent at Rs.198.25 crore.

The company's margins have improved dramatically with gross margins at 9.45 per cent (5.67 per cent) and net margins at 3.88 per cent (3.10 per cent). This trend has caused the profit after tax to jump by 73 per cent at Rs.7.70 crore.

The company has recently developed a process for the manufacture of doxycyline hyclate, an antibiotic belonging to the textracycline group.

IN BRIEF

Ruston & Hornsby has reported a net profit of Rs.35.86 lakh for the year ended March 1990, however, the total carried forward losses amount to Rs.1.92 crore. The company's exports has reached a high of Rs.7.55 crore (Rs.2.02 crore).

Carborundum Universal's export thrust has started yielding results. For the 7-month period ended 31 March 1990, the company has achieved an 80 per cent increase on an annualised basis by exporting Rs.111 lakh.

Kirloskar Oil Engines has recommended a dividend of 16 per cent for year ended March 1990 as against 10 per cent paid in the previous financial year, which was of nine months.

Aban Loyd Chiles Offshore has signed a contract with ONGC for manning and managing 'Sagar Uday' at Bombay. The company continues its contract with ONGC for 'Aban I' and 'Aban II' for a further period of one year.

Transpek Industry proposes to issue bonus shares in the ratio of 2:5 and pay a final dividend of 20 per cent.

Atash Industries has received a letter of intent for the manufacture of emulsion based explosives.

STOCKMARKET REVIEW

The monsoon and other clouds

(For the period 2 July to 14 July 1990)

BSE National Index on 14 July = 477.28 up from 444.78 (+7.3 per cent). BSE Sensitive Index on 14 July = 920.24, up from 850.50 (+8.2 per cent). BSE Daily Turnover Average Rs.146 crore (−11 per cent)

With ex-stablemates Larsen & Toubro and Reliance announcing their results over the fortnight (Reliance's results were partial), all the market leaders have followed suit. While Baroda Rayon and Hindustan Motors showed excellent results, the major surprise was satisfactory results from Reliance with after-tax profits of Rs.81 crore against Rs.79 crore for nine months in 1988-89. The company was said to be in a cash crisis following losses of Rs.50 crore due to floods at its Patalganga unit last year. However, the strong polyester yarn market and high output of paraxylene helped the company offset these losses.

The credit for Larsen & Toubro's high profits (Rs.43 crore) was claimed first by the Ambanis and now by the new management. Of these profits Rs.10 crore arose from interest earnings on the mega-issue while about Rs.20 crore in unbooked losses arose from purchases of Reliance shares. So the Ambanis claim for credit is questionable. Since about Rs.15 crore has come from a favourable change in the cement market, the credit should go to fate instead.

Tata Steel recovers. The only major exception to good performances among the market leaders was Tata Steel's results (announced last month) which has since recovered ground to Rs.132 (up 10 per cent) following rumours of steel price decontrol. The market then, has been firm over the past fortnight. The BSE Sensitive Index reached a new high of 932.99 before closing on 13 July at 920.24. However, owing to political developments the market slipped considerably.

ACC provided the excitement of the fortnight. The scrip rose by large amounts every day (*see page 68*) to close at Rs.746.25, up 25 per cent. Even a 50 per cent bull margin, ten times the normal level, has not deterred buyers who, aided by a temporarily easy money market, are gearing themselves to take delivery of up to 30 lakh shares when the current settlement closes on 19 July in Bombay. Since the floating stock of ACC is half that amount, bears are not likely to be able to deliver these amounts. Accordingly, a high *undha badla*, or backwardation charge, is expected in the share in the coming fortnight.

Prospects for the coming year appear favourable in the form of a good monsoon, although the political horizon remains clouded. Investors are now closely monitoring the annual reports published by companies and are taking special interest in directors' reports. For Voltas, the directors' report noted: "There is every reason to believe that the upward momentum in sales and profitability will continue to be maintained in the period ahead". This report, received in mid-fortnight, caused the scrip to jump from Rs.81.50 to Rs.104 — a rise of 28 per cent, far more than the market rise.

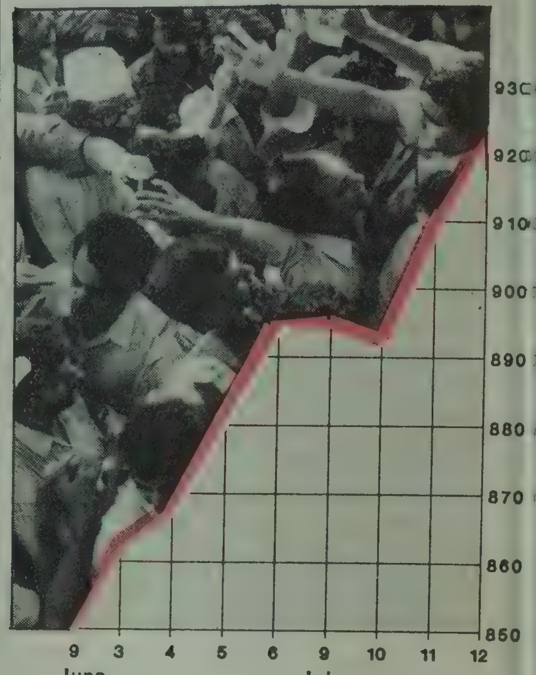
Similarly, for Bajaj Auto the chairman's statement in the company's annual report — that "production continues to increase at a rapid rate with an aim to produce a million vehicles per annum" — helped boost its share price to Rs.512.50, a rise of 8 per cent. Another indicator will be the annual general meetings coming up soon. Hence, speculative activity will probably continue to be hectic through the month.

Telecom shares recover. For companies whose results are still awaited, investors usually examine the results of the market leaders in various industry groups. This has happened to telecom shares which were earlier in the doldrums. However, the announcement of unexpectedly good results for Tata Telecom during the fortnight changed the industry's outlook for the current year. Prices of telecom shares have recovered (*see table*).

Telecom shares: recovery

Company	Price (Rs.) on 29 June	Price (Rs.) on 14 July	Percentage change
Bharati Tele	45.00	47.00	4.4
Karnataka Tele	32.00	42.00	31.3
L'avenir Tele	12.00	12.50	4.2
Tata Telecom	50.00	61.00	22.0

BSE Index



Where there have been dramatic price rises in half-yearly results, for the second half of the year to March 1989, a turnaround has been possible. Two industry groups that have shown poor results for 1989-90 were tyres and the petroleum jelly-filled cables (PJFC) group. The improvement in gross margins on turnover for the second half of the year in both cases has led to sharp price recoveries. MRF, which had slipped to a low of Rs.185 on 4 May this year, has rebounded sharply since then. It added Rs.87.50 or 35 per cent over the past fortnight to close at Rs.335. Other tyre shares, including Apollo Tyres, Ceat, J.K.Industries and Modi Rubber also rose sharply. Among PJFC shares, Finolex Cables rose 32 per cent over the fortnight to Rs.290, while Vindhya Telelinks rose a similar 33 per cent to Rs.105.

To an extent, these rises are also the result of bulls "going fishing". Since speculative shares have already risen sharply, bulls are keen to transfer their gains to other shares, while bears are keen to hedge their short positions by buying other shares. Both tend to choose hitherto stagnant or declining shares, which then rise sharply. This suggests that much of the current price rises will be unwarranted by future performance, especially for the more competitive industries.

At fortnight's close political uncertainty still loomed large. Though many marketmen believed this was a good occasion for a "final" confrontation between the prime minister and his deputy, the tension-filled drama fizzled out into a tame end. But many issues are still to be sorted out. So the market seems to be in for a very volatile period. ■

RAFIQ DOSSANI

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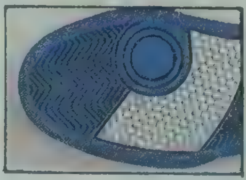

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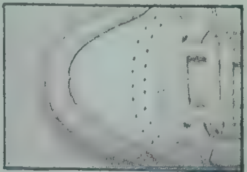

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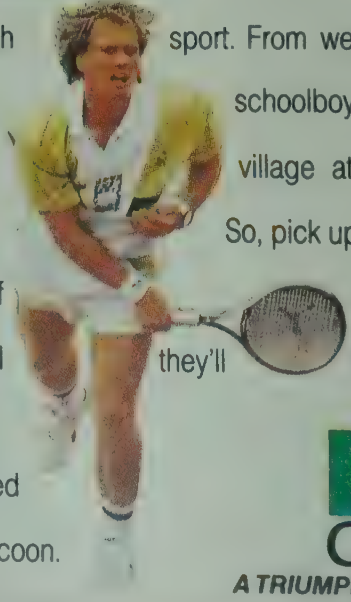

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MADRAS STOCK EXCHANGE

Defeated resolutions

The dissension among the broking community of the Madras Stock Exchange (MSE) has taken a new turn. A resolution to increase MSE's membership from 200 to 300 as stipulated by the government has been voted out by the members of the exchange. A resolution to increase the deposit amount, from Rs.50,000 to Rs.1.5 lakh, in the case of new members, also suffered the same fate.

The members of the MSE have been persistently opposing the move to increase membership. In May 1990, a proposal was put forward to increase the membership to 500. But when this proposal gained little support, the EGM originally scheduled to be held in May, had to be postponed. The authorities subsequently pruned the targeted membership to 300.

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MSE: government intervention will impose membership increase

Not valid. The attitude of the members seems inexplicable. "No reasonable argument has been forwarded as to why the membership or the deposit amount should not be increased," observes J Venkataramana, partner, Somayajulu & Co. "The argument that too many are after the same slice of cake is not valid," he adds.

According to the MSE's estimates, the turnover of the exchange has been increasing steadily from Rs.2.57 crore during 1989 to almost Rs.5 crore during the current year. "There is a need to cater to the growing number of small investors. We cannot present a closed door to them, for fear that an increase in membership will result in a decrease in ticket value", observes V.K. Padmanabhan, president, MSE. The number of applicants waiting to fill in the existing 23 vacancies has touched 100.

Lack of infrastructure and a low volume of business, are the two main arguments presented by the dissidents. Though MSE sources maintain that the floor space at the trading hall has been doubled to 3600 sq ft, the dissidents feel that "the MSE should acquire a five acre plot and build its premises like the Bombay Stock Exchange as the current facilities in George Town are grossly inadequate". The resolution to increase the deposit amount was found unacceptable because, "the exisiting vacancies numbering 23, should be filled on the basis of merit and seniority. There should, therefore, be no discrepancy between old and new members as far as the membership fees and deposits are concerned", observes N. Sridhar, partner, N. Sridhar & Co.

Despite the seriousness of the issues involved, the EGM was not well attended. Only 95 out of the 167 members were in attendance, out of which 57 members voted for the resolutions and 34 against. But the resolutions lacked validity since the requisite three fourth majority, stipulated in the Companies Act could not be mustered.

Once the government is informed of the outcome of this EGM, "Intervention is inevitable. An increase in membership may well be imposed on the MSE", maintain MSE sources, while waiting for the government to make the next move. ■

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AHM ELECTRIC,100	03/89	19.81	67.58	441.14	300.00	380.00	210.00	27.7	11.8	10.8	16.0	5.3	87	1:5
ALFA LAVAL,10	03/89	7.82	21.57	37.58	140.00	140.00	70.00	8.0	4.1	17.5	25.0	1.8	89	1:2
AMAL RASAYAN,10	03/89	1.48	5.14	44.73	46.50	90.00	45.00	15.6	2.8	3.0	25.0	5.4		
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ANDHRA CEMENT,10	03/89	18.78	-2.70	8.56	13.00	13.00	7.75	-15.4				11.8	87	1:2
ANDHRA VALLEY,100	03/89	10.51	49.73	573.17	650.00	650.00	310.00	126.5	108.4	5.1	18.0	2.8	75	1:9
ANDREW YULE,10	03/87	9.41	22.81	34.24	61.00	77.50	36.50	2.2		27.7	10.0	1.6	87	2:5
ANNAPURNA FOILS,10	03/89	9.05	0.00	10.00	9.00	13.00	6.50	-2.9	-3.2					
APOLLO HOSP,10	06/88	5.22	1.33	12.55	12.50	16.00	11.00	3.2	1.2	3.9	15.0	12.0		
APOLLO TYRES,10	10/89	8.40	14.19	26.89	62.00	136.50	41.50	18.3		3.4	25.0	4.0		
APPLE IND.,10	03/89	5.19	0.81	11.56	36.00	41.25	15.00	3.1	3.1	11.6	35.0	9.7		
ASEA BROWN,10	03/89	5.28	8.25	25.62	93.75	93.75	47.50	5.9	3.5	15.9	21.0	2.2		
ASHOK LEYLAND,10	03/90	31.72	100.64	41.73	84.00	98.50	62.50	5.8	3.6	14.5	31.5	3.8	78	1:2
ASIAN CABLES,10	03/89	5.59	7.32	23.09	32.00	53.75	28.00	5.8	2.4	5.5	12.0	3.8	81	1:3
ASIAN HOTELS,10	03/90	15.05	12.21	18.11	62.00	64.00	52.00	7.4	4.3	8.4	25.0	4.0		
ASIAN PAINTS,10	03/90	12.44	51.39	51.31	240.00	250.00	185.00	12.8	6.6	18.8	45.0	1.9	87	1:2
ASSAM CO,10	03/89	14.00	26.02	28.59	113.75	147.50	68.12	8.4	7.2	13.5	40.0	3.5	89	1:1
ASSAM FRONTIER,10	03/90	3.00	10.53	45.10	210.00	247.50	157.50	29.0	9.0	7.2	50.0	2.4		
ASTRA IDL,10	03/89	2.50	2.97	21.88	40.00	72.00	40.00	4.9	2.5	8.2	10.0	2.5		
ATLAS COPCO,10	03/89	7.26	7.95	20.95	45.00	51.00	33.00	0.8	-1.9	56.2	10.0	2.2	87	1:2
ATLAS CYCLE,10	03/89	1.15	13.93	131.13	80.00	112.50	70.00	12.8	2.4	6.2	15.0	1.9	87	1:2
AVERY INDIA,10	03/89	4.20	9.34	32.24	109.00	130.50	106.00	7.7		14.2	35.0	3.2	84	2:5
BAJAJ AUTO,10	03/90	18.81	264.19	150.45	512.50	512.50	301.25	34.6	19.5	14.8	110.0	2.1	87	1:1
BAJAJ PLASTIC,10	03/89	1.50	4.94	42.93	48.00	48.00	23.00	-10.9	-3.4				88	1:1
BAJAJ TEMPO,10	03/90	8.80	42.10	73.79	162.50	180.00	117.50	11.5	8.4	14.1	20.0	1.2	88	1:1
BAKELITE HYLAM,10	03/90	4.50	20.04	54.53	40.50	59.00	31.00	3.0		13.5	18.0	4.4	80	2:3
BALLARPUR,10	03/89	20.97	27.11	22.93	182.50	182.50	115.00	7.4	7.8	24.7	18.0	1.0	89	1:2
BARODA RAYON,100	03/90	17.97	51.68	387.59	1117.50	1117.50	515.00	132.5		8.4	25.0	2.2	90	1:2
BASF,10	03/90	4.26	12.32	38.92	170.00	170.00	115.00	12.7		13.4	25.0	1.5	88	1:2
BATA INDIA,10	12/89	10.50	17.18	26.36	76.00	82.00	60.00	5.4		14.1	15.0	2.0	87	1:1
BATLIBOI,10	03/89	2.79	3.93	24.09	38.50	44.00	15.25	5.4		7.1	15.0	3.9		
BAYER INDIA,100	03/90	16.22	17.65	208.82	825.00	880.00	710.00	32.8	9.4	25.2	20.0	2.4	87	1.1
BEST & CROM,10	03/89	7.10	17.80	35.07	40.00	57.50	28.50	1.6	-0.9	25.0	10.0	2.5	82	3:5
BHADRA PAPER,10	03/90	10.57	28.95	37.39	92.50	123.75	73.75	4.3	1.1	21.5	32.5	3.5		
BHARAT FORGE,10	03/90	14.24	20.80	24.61	103.00	103.00	72.50	4.1		25.1	30.0	2.9	88	1:1
BHARAT GEARS,10	01/89	4.03	5.50	23.65	46.00	46.00	20.00	-2.4	0.1			6.2		
BIHAR ALLOY,10	03/90	8.20	-10.01	-2.21	24.00	51.50	22.00	-2.1		13.1				
BIMETAL,10	03/89	3.82	9.00	33.56	104.00	104.00	75.00	7.5	4.8	13.9	27.5	2.6	89	1:1
BINDAL AGRO,10	12/88	14.85	8.50	15.72	37.50	125.00	37.50	5.1	4.6	7.4	50.0	13.3		
BIRLA JUTE,10	03/90	20.37	84.17	51.32	97.50	97.50	45.50	2.3		42.4	18.0	1.8	86	1:1
BIRLA YAMAHA,10	02/89	8.00	0.17	10.21	13.00	16.00	7.50	-4.8	-3.4					
BLOW PLAST,10	07/89	2.00	3.73	28.65	70.00	70.00	30.00	1.6		43.8	15.0	2.1	87	1:1
BLUE STAR,10	03/90	3.55	15.61	53.97	100.00	100.00	62.50	13.3	1.4	7.5	20.0	2.0	88	3:5
BOM BURMAH,100	03/90	5.52	19.47	452.72	830.00	830.00	430.00	88.2	38.9	9.4	30.0	3.6	78	1:4
BOM DYEING,10	03/90	11.24	88.17	88.44	257.00	257.00	117.00	19.6	8.9	13.1	40.0	1.6	90	1:1
BOM SUBURBAN,10	03/90	6.60	78.22	128.52	52.00	60.00	30.25	18.2	11.2	2.9	20.0	3.8	89	1:1
BOOTS,10	03/89	8.10	9.33	21.52	100.00	136.50	95.00	5.5	2.8	18.2	22.0	2.2	87	1:1
BOROSIL GLASS,10	03/90	2.24	8.71	48.88	53.00	74.00	53.00	5.9		9.0	25.0	4.7	82	1:2
BRITANNIA,10	03/90	18.57	33.30	27.93	130.00	130.00	62.03	5.3	2.7	24.5	24.0	1.8	89	1:2
BROOKE BOND,10	12/89	44.15	39.77	19.01	118.00	118.00	78.00	6.2		18.7	30.0	2.6	89	4:5
BURROUGHS,10	02/89	6.00	15.82	36.37	67.50	102.50	67.50	6.0	1.4	11.2	45.0	6.7	89	1:1
C.E.S.C.,10	03/90	16.94	76.31	56.05	45.50	45.75	27.00	7.9	2.9	5.8	18.0	3.5		
C.P.TOOLS,100	03/89	4.57	9.61	310.28	420.00	420.00	280.00	15.2	-5.6	27.6	15.0	3.6	77	1:3
CABLE CORP,10	03/90	9.00	26.23	39.14	77.00	90.00	61.00	11.0	3.4	7.0	28.0	3.6		
CADBURY,10	03/90	8.40	14.40	27.14	170.00	170.00	104.00	6.3	2.0	27.0	35.0	2.1	87	1:1
CALICO MILLS,125	06/89	13.56	-5.69	72.55	70.00	70.00	40.00	2.3		30.4			77	1:7
CARRIER AIRCON,10	03/89	10.42	-3.50	6.64	22.00	28.00	18.00	-2.8	-0.9					
CEAT TYRES,10	06/89	14.76	104.60	80.87	102.50	165.00	80.00	15.2	6.3	6.7	30.0	2.9	86	1:2
CEMINDIA,10	03/90	1.28	8.57	76.95	92.50	121.75	79.00	7.0	2.8	13.2	30.0	3.2	84	3:5
CENTURY ENKA,100	03/90	16.61	142.03	955.09	3950.00	3950.00	2680.00	196.7		20.1	62.5	1.6	88	2:5
CENTURY SPIN,100	03/90	26.62	255.31	1059.09	3700.00	3700.00	1920.00	203.0		18.2	50.0	1.4	86	2:3
CHAMPAGNE,10	03/89	3.00	-1.46	5.13	17.50	17.50	13.00	-3.2						
CHLORIDE,10	03/90	20.65	16.51	18.00	97.00	97.00	80.00	6.7	4.2	14.5	31.5	3.2	86	3:5
CIFCO FINANCE,10	03/89	4.78	0.40	10.84	10.75	12.00	7.50	2.1	0.9	5.1	11.0	10.2		
CITURGIA,10	03/90	3.38	8.34	34.67	95.00	112.50	85.00	8.8		10.8	35.0	3.7		
COLGATE,10	12/89	31.44	25.33	18.06	255.00	255.00	150.62	8.0		31.9	42.5	1.7	89	1:1
COLOUR CHEM,100	03/90	7.94	13.96	275.82	675.00	740.00	450.00	30.0		22.5	22.0	3.3	80	2:5
COMET STEEL,10	03/90	9.65	4.18	14.33	19.00	25.00	17.75	4.1		4.6	17.0	8.9		
COROM FERT,10	09/88	24.32	24.79	20.19	51.00	51.00	21.00	-2.9	1.5			2.8	86	1:2
COSMO FILMS,10	03/89	2.39	7.45	41.17	37.00	42.00	23.00	-8.5	-2.6		18.0	4.9		
CROMPT GREA,100	03/90	19.20	74.09	485.89	1040.00	1100.00	630.00	80.9		12.9	18.0	1.7	89	1:1
CYANAMID,10	03/89	5.25	10.26	29.54	99.00	120.00	74.00	4.2	3.1	23.6	20.0	2.0		
DCM TOYOTA,10	03/90	15.00	-12.96	1.36	31.50	33.50	10.50	4.3	3.2	7.3				

Company Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 13.7.90	52 weeks		EPS in Rs		PE Times	Divi-dend %	Yield %	Bonus	
						High	Low	Year	Half-yr				Year	Ratio
DCM,10	03/89	23.02	28.19	22.25	55.00	63.00	45.00	2.1	-2.2	26.2			71	4:5
DEEPAK FERT,10	03/89	36.68	11.32	13.09	30.50	35.00	26.50	1.9	1.5	16.1	18.0	5.9		
DEEPAK NITR,10	03/90	2.43	9.23	47.98	104.00	104.00	63.00	14.3		7.3	30.0	2.9	85	1:2
DEMPO STEAM,100	06/85	2.00	-9.83	-391.50	5.00	6.50	5.00							
DHARAMSI,10	03/89	6.24	11.15	27.87	67.50	67.50	30.00	3.1	3.2	21.8	20.0	3.0	79	2:5
DR.REDDYS,10	03/90	2.08	1.36	16.54	52.00	70.00	48.00	3.1	1.6	16.8	25.0	4.8		
DUNCAN AGRO,100	03/89	3.05	18.23	697.70	700.00	701.00	183.43	28.9	82.6	24.2	15.0	2.1	89	1:2
DUNLOP,10	03/90	18.99	68.77	46.21	63.75	80.00	53.00	2.3		27.7	30.0	4.7	78	1:3
E. MERCK,10	12/89	5.94	6.65	21.20	75.00	90.00	26.00	5.2		14.4	25.0	3.3	88	3:5
E.I.HOTELS,10	03/89	23.84	42.12	27.67	60.00	67.00	55.50	4.0	0.5	15.0	20.0	3.3	84	2:5
EICHER MOTORS,10	03/90	9.98	-6.04	3.95	28.50	30.00	9.50	3.5	3.4	8.1		10.0		
EID PARRY,10	06/89	6.28	6.69	20.65	90.00	100.00	55.00	7.3		12.3	25.0	2.8		
ELECON ENG,10	03/89	5.65	26.90	57.61	70.00	85.00	54.00	4.6	1.3	15.2	20.0	2.9	87	3:5
ENFIELD,10	03/89	5.04	9.15	28.15	18.00	19.75	10.50	-10.4					85	1:1
ENGLISH ELECT,10	03/89	9.00	18.16	30.18	76.00	77.00	47.50	2.7	2.5	28.1	7.5	1.0	87	1:1
ESCORTS,10	03/90	33.90	114.78	43.86	108.00	108.00	65.00	6.6	3.2	16.4	28.0	2.6	87	3:5
ESKAYEF,10	03/90	7.50	26.57	45.43	141.25	165.00	111.25	10.4	4.5	13.6	30.0	2.1	88	1:2
ESSAR SHIPPING,10	06/89	46.14	44.05	19.56	40.50	40.50	20.00	2.9	4.6	14.0	30.0	7.4		
EXCEL,10	03/90	4.62	18.69	50.89	207.00	207.00	117.00	20.0		10.3	50.0	2.4	84	4:5
FAG PRECISION,100	03/90	3.36	8.71	359.23	85.00	98.75	46.50	13.8	6.3	6.2	18.0	21.2		
FERRO ALLOYS,100	03/89	8.42	24.78	394.30	68.75	132.50	62.50	197.6	143.3	0.3	20.0	29.1	80	1:2
FGP,10	03/90	4.89	7.34	25.01	53.50	62.00	44.50	5.3	2.2	10.1	22.0	4.1	87	1:2
FICOM ORGANIC,10	03/90	1.29	7.53	68.37	137.50	202.50	137.50	16.7	7.2	8.2	45.0	3.3	87	1:1
FINOLEX,10	03/90	3.24	30.80	105.08	290.00	337.50	202.50	28.3	15.8	10.2	60.0	2.1	88	4:5
FIRST LEASING,10	11/89	6.30	10.05	25.95	28.50	36.25	15.50	4.8		5.9	26.0	9.1	83	1:3
FLAKT INDIA,10	12/88	4.76	4.08	18.57	80.00	80.00	29.50	4.0	3.2	20.0	20.0	2.5	89	2:5
FORBES FORBES,10	03/90	4.25	20.54	58.33	61.00	61.00	46.25	5.5	2.5	11.1	15.0	2.5	82	2:5
FULFORD,10	03/90	0.80	3.54	54.25	395.00	395.00	230.00	14.4		27.4	22.0	0.6	90	1:1
G.E.SHIPPING,10	03/90	64.85	55.28	18.52	45.00	52.50	37.00	6.7	3.3	6.7	12.0	2.7	81	2:3
G.K.W.,10	03/90	24.06	41.04	27.06	35.00	35.00	16.00	6.0	0.5	5.8	15.0	4.3	83	1:3
G.T.C.INDUST,10	03/89	5.00	13.24	36.48	36.00	36.00	18.50	5.3	2.6	6.8	24.0	6.7	72	1:4
GABRIEL,10	03/89	2.64	4.36	26.52	63.75	67.50	33.00	4.4	1.9	14.5	20.0	3.1	78	3:5
GAMMON INDIA,10	03/89	2.16	13.46	72.31	130.00	135.00	80.00	5.8	4.2	22.4	18.0	1.4	82	2:5
GARDEN SILK,10	06/89	16.24	84.67	62.14	45.00	57.50	37.50	3.6	1.4	12.5	30.0	6.7		
GARWARE NYLON,10	12/88	9.72	14.92	25.35	56.00	67.00	40.00	2.7	2.0	20.7	20.0	3.6	83	1:2
GARWARE POLY,10	09/89	10.94	21.96	30.07	36.50	70.50	29.50	-6.4				4.1		
GARWARE SHIP,10	03/89	3.75	0.03	10.08	19.00	27.50	17.00	5.9	1.6	3.2	15.0	7.9		
GEN ELECTRIC,10	03/89	7.20	30.60	52.50	36.00	46.00	31.25	3.8	2.2	9.5	15.0	4.2	89	1:1
GENELEC,10	03/89	2.16	-4.39	-10.32	23.00	38.00	19.00	-47.1			14.7	6.4	84	1:1
GEORGE WILL,10	03/90	9.45	23.82	35.21	135.00	166.75	90.05	5.2		26.0	60.0	4.4	89	1:2
GERMAN REMEDIES,10	03/90	3.26	8.87	37.21	166.25	170.00	62.50	13.3		12.5	20.0	1.2	90	1:1
GLAXO,10	03/90	20.00	49.88	34.94	100.00	122.50	83.50	7.7	5.0	13.0	27.0	2.7	80	1:3
GODFREY PHILIPS,10	03/90	2.60	3.80	24.62	95.00	95.00	27.50	11.0	6.9	8.6	35.0	3.7	75	1:1
GOETZE,10	03/90	6.93	14.10	30.35	92.25	93.00	70.00	6.7	3.4	13.8	22.0	2.4	76	4:5
GOKAK PATEL,10	03/90	6.52	25.96	49.82	127.50	127.50	67.50	13.7	8.1	9.3	32.0	2.5	87	1:1
GOOD NEROLAC,10	03/89	3.24	5.08	25.68	80.00	80.00	47.50	2.5	1.8	32.0	22.0	2.8	78	5:7
GOODYEAR,10	12/89	7.48	31.95	52.71	100.00	107.50	80.00	13.1		7.6	40.0	4.0	90	1:1
GRAMOPHONE,10	03/89	4.37	11.43	36.16	12.75	12.75	8.50	-14.0						
GRASIM,10	03/90	80.20	168.10	37.92	144.00	144.00	101.00	9.2	4.8	15.7	30.0	2.1	88	3:4
GREAVE COTTON,100	03/89	9.86	26.22	365.92	650.00	720.00	600.00	67.6	21.3	9.6	18.0	2.8	88	1:2
GUJ ALKALIES,10	03/90	17.90	29.78	26.64	90.00	90.00	67.50	4.2	3.1	21.4	26.0	2.9	87	1:5
GUJ AMB CEM,10	06/89	19.99	5.58	12.79	63.50	63.50	14.50	1.9	2.5	33.4	12.0	1.9		
GUJ NARMADA,10	03/89	88.99	103.47	21.63	40.75	47.00	30.00	3.4	1.6	12.0	10.0	2.5		
GUJ STATE FERT,10	03/90	44.41	335.70	85.59	221.25	221.25	151.25	11.6	6.2	19.1	30.0	1.4	87	1:3
HARRISON,10	06/89	9.10	17.64	29.38	117.50	120.00	77.00	3.5	5.6	33.6	35.0	3.0	87	2:5
HERDILLIA CHEM,10	03/90	7.35	46.79	73.66	84.00	99.50	82.50	10.0	4.3	8.4	26.0	3.1	78	1:2
HERO HONDA,10	03/90	15.98	-2.76	8.27	38.00	38.00	16.00	-0.3	2.0					
HIND ALLOY,10	03/90	7.13	5.03	17.05	63.75	76.25	46.25	9.4	4.1	6.8	30.0	4.7		
HIND CIBA,100	03/90	17.71	40.07	326.26	1520.00	1525.00	780.00	92.7	39.5	16.4	30.0	2.0	80	1:2
HIND DEVELOP,10	03/89	29.74	92.56	41.12	76.00	135.00	72.00	3.2	2.4	23.8	25.0	3.3	86	1:1
HIND DORR-OLIVER,10	03/90	4.76	10.67	32.42	72.50	105.00	62.50	7.3		9.9	25.0	3.4	89	1:1
HIND FERODO,10	03/89	5.50	1.89	13.44	25.00	28.00	16.00	1.4		17.9	5.0	2.0	83	4:5
HIND LEVER,10	12/89	93.32	135.20	24.49	128.00	128.00	91.00	5.8		22.1	35.0	2.7	87	1:1
HIND MOTOR,10	03/90	26.35	44.92	27.05	43.00	43.00	21.00	0.8		53.8	7.5	1.7	86	1:1
HINDALCO,10	03/90	17.85	168.11	104.18	306.25	310.00	210.00	36.1	16.5	8.5	37.5	1.2	90	3:5
HMM,10	03/90	14.18	93.90	76.22	335.00	337.50	117.50	12.4	5.3	27.0	40.0	1.2	87	1:1
HOECHST,100	03/89	9.58	27.94	391.65	2410.00	2410.00	720.00	37.7	52.3	63.9	20.0	0.8	82	1:2
HOGANAS,10	03/90	1.15	0.29	12.52	80.00	80.00	49.00	4.0	1.4	20.0	15.0	1.9		
HOTEL LEELA,10	03/90	17.70	-2.09	8.82	15.25	18.50	13.00	0.1	0.5	152.5				
HOUSING DEV FIN,100	03/89	19.98	44.56	323.02	415.00	460.00	225.00	96.8	46.4	4.3	14.0	3.4		
HYD.ALLWYN,10	12/88	17.45	10.70	16.13	15.00	16.50	13.00	1.4	1.2	10.7	15.0	10.0		
I.O.L.,10	03/90	14.60	31.44	31.53	41.00	49.00	33.50	0.2		205.0	10.0	2.4	85	1:3
ICI,10	03/89	40.87	84.19	30.60	45.00	65.00	35.00	1.2	-3.9	37.5	22.5	5.0	78	1:3
ICIM,10	03/90	5.88	9.13	25.53	33.50	67.00	35.00	3.9		8.6				
INDIA CEMENT,10	03/90	4.90	48.98	109.96	51.00	51.00	15.00	5.9	7.0	8.6	15.0	2.8	89	2:5
INDIA GYPSUM,10	03/89	9.00	-2.47	7.26	11.00	18.00	9.00	-2.7	-1.3					

Company	Year	Equity	Re-	Book	Price	52 weeks		EPS in Rs		PE	Divi-	Yield	Bonus	
Face value	Ended	Rs Cr	serves Rs Cr	value Rs	13.7.90	High	Low	Year	Half-yr	Times	dend %	%	Year	Ratio
INDIA POLYFIBRES,10	03/90	29.75	-2.73	9.08	9.50	10.00	4.50	-0.9	-2.3					
INDIA STEAMSHIP,10	03/89	10.15	-65.15	-54.19	13.50	18.25	11.25	4.2	2.1	3.2			75	1:1
INDIAN ALUM,10	03/90	41.50	49.09	21.83	158.75	177.00	120.00	14.1	7.0	11.3	25.0	1.6	77	2:5
INDIAN DYESTUFF,100	03/89	9.41	35.85	480.98	490.00	490.00	165.00	-1.3	0.1		10.0	2.0	80	1:4
INDIAN HOTEL,10	03/90	14.79	51.27	44.67	94.00	96.72	82.50	7.8		12.1	25.0	2.7	89	1:2
INDIAN ORGANIC,10	03/90	18.40	26.38	24.34	63.25	63.25	35.50	4.6		13.8	15.0	2.4	85	1:2
INDIAN RAYON,10	06/89	25.40	190.83	85.13	124.50	124.50	77.00	3.9	3.8	31.9	28.0	2.2	80	1:4
INDIAN SEAMLESS,10	03/90	3.86	2.36	16.11	90.00	119.99	77.14	4.7		19.1	25.0	2.8	89	3:4
INDOGULF FERT,10	03/89	164.81	0.00	10.00	22.50	22.50	13.00	-0.7	-0.2					
INDROL,10	03/90	6.16	29.12	57.27	267.50	301.25	172.50	9.8		27.3	27.0	1.0	86	1:1
INDU NISSAN,10	03/89	14.00	1.21	10.86	13.50	16.00	11.25	0.7	0.5	19.3	15.0	11.1		
INGERSOLL,10	03/90	15.78	33.50	31.23	240.00	240.00	190.00	9.1	5.3	26.4	25.0	1.0	89	1:1
ION EXCHANGE,10	03/89	3.50	7.20	30.57	55.00	90.00	52.50	4.6	0.7	12.0	13.0	2.4	88	4:5
IPITATA,10	03/89	12.00	-15.79	-3.16	22.50	34.00	16.50	-4.4	1.4					
ITC,10	03/90	66.34	154.04	33.22	93.00	93.00	51.00	7.9		11.8	37.5	4.0	89	1:1
J.B.CHEMICAL,10	03/90	3.00	6.02	30.07	77.00	81.25	27.00	12.7	8.3	6.1	21.0	2.7		
J.K.INDUSTRIES,10	06/89	14.04	15.51	21.05	77.00	112.50	49.00	13.4		5.7	25.0	3.2	67	1:1
J.K.SYNTHETIC,10	03/89	38.51	129.12	43.53	69.00	83.00	51.00	4.8	1.2	14.4	22.0	3.2	83	1:3
JAYANT VITAMIN,10	06/89	3.87	5.11	23.20	27.00	45.00	26.00	8.0		3.4	25.0	9.3	87	2:5
KALYANI BRAKES,10	03/89	3.90	-4.84	-2.41	46.00	46.00	26.00	3.0	2.1	15.3				
KALYANI STEEL,10	03/90	2.36	11.41	58.35	450.00	450.00	220.00	19.7	7.2	22.8	35.0	0.8	88	1:1
KELVINATOR,10	06/89	3.55	25.48	81.77	86.00	98.75	74.38	18.2	9.7	4.7	24.0	2.8	89	1:1
KESORAM,10	03/90	11.46	53.78	56.93	73.75	73.75	39.00	2.3		32.1	10.0	1.4	79	1:2
KHODAY DIST,10	12/88	9.00	8.88	19.87	34.00	53.75	25.00	4.7	2.8	7.2	20.0	5.9		
KINETIC ENGG,10	03/90	2.88	19.47	77.60	170.00	185.00	125.00	12.3	6.5	13.8	30.0	1.8	89	1:1
KINETIC HONDA,10	03/89	9.99	3.34	13.34	62.50	64.50	24.00	1.4	0.7	44.6				
KIRL CUMMINS,10	03/89	26.40	41.95	25.89	80.00	84.00	57.00	2.7	2.0	29.6	11.2	1.4	86	1:1
KIRL PNEUMATIC,10	03/89	3.85	11.28	39.30	48.75	72.50	40.00	10.8	1.2	4.5	22.5	4.6		
KIRLOSKAR OIL,10	03/90	5.75	13.16	32.89	39.50	42.00	29.00	5.2		7.6	16.0	4.1	76	3:7
KLOCKNER WIND,10	03/90	4.50	12.31	37.36	215.00	215.00	110.00	13.1		16.4	24.0	1.1	90	1:1
KSB PUMPS,10	03/90	8.70	12.25	24.08	192.50	227.50	180.00	7.3	4.6	26.4	20.0	1.0	89	1:1
LAKME,10	03/89	3.15	6.43	30.41	150.00	152.50	69.17	4.4	4.8	34.1	22.5	1.5	89	1:2
LARSEN TOUBRO,10	03/90	68.09	321.18	57.17	99.00	117.50	59.00	6.3	3.2	15.7	25.0	2.5	86	3:5
LIPTON,10	12/89	15.75	22.13	24.05	84.50	109.00	65.00	6.6		12.8	22.0	2.6		
LLOYD STEEL,10	03/90	5.07	4.92	19.70	60.00	127.50	53.75	7.2		8.3	25.0	4.2	89	1:2
LML,10	03/89	21.42	9.07	14.23	25.50	28.75	16.25	0.3	0.6	85.0			80	4:5
MACNEIL MAGOR,10	06/86	2.74	41.38	161.02	105.00	105.00	56.00	2.3		45.7	7.0	0.7		
MADRAS CEMENT,100	03/90	3.02	18.65	717.55	1540.00	1540.00	400.00	22.5	73.8	68.4				
MADURA COATS,10	03/89	21.96	92.32	52.04	125.00	125.00	97.00	6.9	2.4	18.1	25.0	2.0	86	1:2
MAFATLAL FINE,100	03/90	14.48	18.90	230.52	305.00	346.25	200.00	-33.1	6.6	47.1		3.1	80	1:3
MAFATLAL IND,100	03/90	13.45	51.38	482.01	540.00	660.00	220.00	22.7	19.1	23.8	22.0	4.1	78	1:5
MAHIN & MAHIN,10	03/90	19.26	113.23	68.79	90.00	103.00	72.50	8.3		10.8	25.0	2.8	84	2:3
MAHINDRA NISSAN	03/89	16.70	0.15	10.09	16.50	19.00	8.00	-2.2	-2.5					
MAHINDRA UGINE,10	03/90	11.50	26.98	33.46	58.75	87.50	57.50	4.1		14.3	20.0	3.4	88	1:2
MANGALAM CEM,10	03/90	7.11	11.04	25.53	40.00	40.00	19.50	1.1	1.0	36.4	22.5	5.6		
MANGALORE CHEM,10	03/89	19.97	0.17	10.09	21.50	24.50	16.00	-16.3	-9.8			4.3		
MASTERSHARE,10	06/89	225.00	280.60	22.47	19.85	21.75	15.25	8.3		2.4	18.0	9.1		
MATHER PLATT,10	03/90	23.04	9.15	13.97	31.50	60.00	31.00	1.8		17.5	22.0	7.0	87	3:5
MAX INDIA,10	03/90	2.79	6.17	32.11	72.00	87.00	67.50	5.5	2.0	13.1	30.0	4.2		
MAZDA INDUST,10	11/89	4.32	2.64	16.11	8.50	12.50	7.50	-0.7				14.1		
MCDOWELL,10	03/89	7.68	25.89	43.71	77.00	106.25	70.00	14.7	4.8	5.2	20.0	2.6	86	1:1
MCLEOD RUSSEL,10	03/90	6.25	27.38	53.81	90.00	115.00	65.62	13.9		6.5	60.0	6.7	89	3:5
METAL BOX,10	03/89	14.68	-12.54	1.46	8.00	9.37	5.75	-12.6	-4.4				67	1:2
MILES INDIA,10	03/90	1.28	2.08	26.25	100.00	130.00	82.50	4.4	1.4	22.7	20.0	2.0	89	1:1
MILKFOOD,10	03/89	1.14	4.49	49.39	180.00	312.50	130.09	13.4	-25.1	13.4	30.0	1.7	87	1:1
MODI INDUSTRIES,10	03/89	3.30	23.65	81.67	17.00	30.00	17.00	-52.6	-1.8			3.2	89	1:5
MODI RUBBER,10	03/89	10.38	52.50	60.58	80.00	98.00	47.00	14.2	-2.8	5.6	25.0	3.1	84	2:5
MODI XEROX,10	03/89	19.46	6.50	13.34	68.50	72.75	54.00	2.4	0.5	28.5	11.0	1.6		
MOTOR INDUST,100	12/89	38.05	56.44	248.33	980.00	1100.00	580.00	38.4	19.4	25.5	14.0	1.4	86	1:1
MRF,10	03/90	3.86	44.85	128.19	336.00	380.00	185.00	32.4	19.2	10.3	90.0	2.7	75	1:2
MUKAND IRON,10	03/89	14.74	80.22	64.42	141.00	153.00	123.00	15.8	5.2	8.9	20.0	1.4	88	1:2
MYSORE CEMENT,10	06/87	18.22	22.61	22.41	32.00	32.00	11.00	1.1	1.2	29.1	17.5	5.5	86	2:5
NAGAR FINANCE,10	03/89	2.44	3.76	25.41	14.50	24.00	12.00	5.4	3.2	2.7	36.0	24.1		
NATION PEROXIDE,100	03/89	2.30	9.02	492.17	900.00	1175.00	675.00	-48.6	-17.8		6.0	0.7		
NATIONAL RADIO,100	03/90	6.98	3.75	153.72	530.00	530.00	180.00	14.0		37.9				
NESTLE,10	12/89	36.62	5.70	11.56	130.00	130.00	89.29	3.9		33.3	30.0	2.3	89	3:5
NIRLON,10	03/89	15.76	-23.74	-5.06	16.00	20.50	8.50	-22.0	-9.1				82	1:2
NOCIL,100	03/90	36.00	109.85	405.14	1400.00	1580.00	930.00	117.3	55.5	11.9	40.0	2.9	86	1:2
ORISSA CEMENT,10	03/89	5.40	31.50	68.33	52.50	52.50	32.00	-14.3	0.5		20.0	3.8	87	1:1
ORKAY,10	03/90	66.29	51.65	17.79	24.50	24.50	13.50	0.2		122.5		17.5		
OSWAL AGRO,10	06/89	96.72	81.67	18.44	40.00	90.00	32.00	2.8	2.1	14.3	50.0	12.5	87	3:5
OSWAL FURANE,10	12/88	18.00	0.00	10.00	23.00	48.00	21.50	0.3		76.7				
OTIS ELEVATORS,10	03/89	5.37	15.02	37.97	210.00	260.00	175.00	10.4	3.5	20.2	40.0	1.9	85	1:1
PARKE DAVIS,10	03/90	7.53	4.08	15.42	112.50	133.25	67.00	3.7		30.4	35.0	3.1	90	3:5
PEICO,10	03/90	33.32	40.09	22.03	42.50	43.50	18.50	2.0		21.2	10.0	2.4	82	1:5
PFIZER,10	03/90	11.72	16.91	24.43	89.50	107.50	58.00	2.3		38.9	20.0	2.2	77	4:5

Company	Year	Equity	Re-	Book	Price	52 weeks		EPS in Rs		PE	Divi-	Yield	Bonus	
Face value	Ended	Rs Cr	serves Rs Cr	value Rs	13.7.90	High	Low	Year	Half-yr	Times	dend %	%	Year	Ratio
POLYCHEM,10	03/90	6.00	11.90	29.83	87.50	87.50	57.00	11.5	6.8	7.6	25.0	2.9	89	2:3
POLYOLEFINS,100	03/90	19.30	63.99	431.55	1100.00	1485.00	1050.00	94.0	49.2	11.7	35.0	3.2	88	1:2
PONDS,10	12/89	6.68	18.78	38.11	247.50	247.50	153.75	9.1		27.2	37.5	1.5	87	1:1
PREMIER AUTO,10	06/89	22.75	112.26	59.35	71.50	73.50	48.50	6.4	1.8	11.2	45.0	6.3	86	1:1
PROCTER & GAM,10	06/89	6.68	11.68	27.49	207.50	230.00	175.00	9.4	5.3	22.1	30.0	1.4	88	4:5
PSI DATA,10	03/89	6.50	-5.27	1.89	12.00	17.00	10.50	-13.1				11.0		
RALLIS,10	03/89	9.52	33.44	45.13	72.50	132.50	65.00	8.7	3.1	8.3	25.0	3.4	77	3:1
RANBAXY,10	03/90	8.95	16.22	28.12	99.00	105.00	75.00	8.4	5.0	11.8	27.5	2.8	88	2:5
RAYMONDS,10	03/89	22.47	67.19	39.90	92.00	94.00	65.00	9.6	2.0	9.6	20.0	2.2	87	1:1
RECKITT COLMAN,10	12/89	8.40	22.44	36.71	240.00	242.50	172.50	9.5	4.8	25.3	40.0	1.7	88	1:1
REGENCY CERAMIC,10	03/89	5.61	0.25	10.45	15.50	22.50	14.00	0.9	0.7	17.2				
RELIANCE PETRO	03/89	86.47	0.48	10.06	24.25	40.50	20.50	0.6		40.4	18.0	7.4		
RELIANCE,10	03/90	152.11	913.40	70.05	98.50	123.00	51.50	5.3		18.6	30.0	3.0	83	3:5
REMINGTON,10	03/90	2.67	4.34	26.25	35.00	75.00	35.00	3.3	1.8	10.6	20.0	5.7	86	1:2
REVATHI C.P,10	03/90	1.60	4.29	36.81	90.00	97.50	67.00	5.8		15.5	20.0	2.2	87	1:1
RHONE-POULENC,10	03/90	4.50	14.22	41.60	67.50	93.75	63.75	9.8		6.9	15.0	2.2		
ROCHE PRODUCTS,10	12/88	4.81	6.23	22.95	60.50	89.00	27.00	3.3	1.9	18.3	15.0	2.5	80	1:3
ROSS MURARKA,10	12/88	4.64	3.29	17.09	16.50	24.00	12.00	3.1	1.5	5.3	18.0	10.9		
S.I.VISCOSE,100	03/89	11.03	21.19	292.11	1525.00	1525.00	750.00	116.9	81.4	13.0	35.0	2.3	87	1:2
SAMTEL INDIA,10	03/89	3.57	11.06	40.98	29.00	80.25	23.50	9.1	-5.1	3.2	25.0	8.6	88	1:3
SANDOZ,10	12/89	5.30	24.68	56.57	132.50	177.50	98.50	11.2		11.8	18.0	1.4	90	1:2
SANDVIK ASIA,100	12/89	5.78	7.54	230.45	680.00	800.00	610.00	43.9		15.5	25.0	3.7	84	1:1
SCINDIA,20	06/88	18.95	-40.86	-23.12	9.50	16.00	6.50	-23.6					77	2:5
SEARLE,10	03/90	7.82	10.93	23.98	127.50	147.50	90.00	5.3		24.1	20.0	1.6	88	1:2
SESA GOA,10	03/90	5.15	9.80	29.03	99.50	107.00	35.00	6.7	9.5	14.9	14.0	1.4	86	2:5
SHAW WALLACE,10	03/90	12.00	27.76	33.13	94.00	98.00	69.00	11.7	6.4	8.0	30.0	3.2	87	1:1
SHRIRAM FIBRES,10	09/89	10.33	22.69	31.97	47.50	94.00	42.50	4.2		11.3	18.0	3.8	82	1:2
SIEMENS,10	03/90	20.77	61.17	39.45	113.00	116.00	65.00	4.4		25.7	30.0	2.7	86	1:4
SILTAP CHEMICAL,10	03/89	1.80	-0.76	5.78	76.25	80.00	42.50	-8.5	-3.4					
SIPTA COATED,10	03/90	17.59	12.40	17.05	16.00	30.00	14.00	1.4		11.4	15.0	9.4		
SKF BEARINGS,100	03/90	24.70	52.45	312.35	1630.00	1630.00	1140.00	84.0		19.4	15.0	0.9	89	1:1
SOUTHERN PETRO,10	03/89	34.00	274.92	90.86	60.50	62.25	43.00	3.3	1.3	18.3	20.0	3.3	86	1:1
SPARTEK,10	03/89	4.56	5.91	22.96	60.00	81.25	60.00	6.2	3.8	9.7	25.0	4.2	89	3:5
SPECIAL STEEL,10	03/90	11.39	14.36	22.61	160.00	160.00	91.25	10.4	5.2	15.4	25.0	1.6	89	1:2
STANDARD IND,10	03/90	11.06	36.78	43.25	76.00	87.50	32.00	1.2	1.7	63.3	20.0	2.6	82	2:5
STANDARD MOTOR,10	03/88	4.37	3.98	19.11	12.50	13.00	8.00	-18.1				15.8	85	1:1
STRAW PRODUCTS,10	03/90	10.14	73.61	82.59	95.00	103.00	74.00	7.2	4.5	13.2	20.0	2.1	72	1:2
SU-RAJ DIAMOND,10	03/90	7.66	9.72	22.69	47.50	90.00	48.50	14.2	9.4	3.3	25.0	5.3		
SUND CLAYTON,10	05/89	9.48	23.99	35.31	42.00	73.00	42.00	4.9	1.1	8.6	25.0	6.0	87	2:3
SUND FASTENERS,10	03/90	5.10	9.80	29.22	79.00	85.00	69.00	9.3	4.6	8.5	25.0	3.2	88	3:5
SUND FINANCE,10	03/90	6.00	23.62	49.37	95.00	95.00	60.00	15.3		6.2	30.0	3.2	90	1:1
SUPREME INDUST,10	06/89	2.27	13.47	69.34	281.25	300.00	190.00	14.4	9.7	19.5	45.0	1.6	87	1:1
SWAD POLYTEX,10	03/90	3.90	11.77	40.18	46.00	54.00	30.50	4.6	1.3	10.0	15.0	3.3		
SYNTH & CHEM,10	03/90	11.42	9.75	18.54	50.00	80.00	50.00	4.3	0.9	11.6	25.0	5.0		
TATA CHEMICALS,10	03/90	49.17	208.92	52.49	120.00	132.00	115.00	8.3	3.3	14.5	31.0	2.6	89	1:2
TATA LOCO,10	03/90	103.67	380.02	46.66	163.50	166.00	96.50	9.9	9.0	16.5	30.0	1.8	82	2:5
TATA OIL,25	03/90	8.11	25.19	102.65	175.00	180.00	66.25	16.5		10.6	18.0	2.6	90	1:5
TATA POWER,100	03/88	21.22	68.24	421.58	810.00	810.00	330.00	89.1	60.8	9.1	16.0	2.0	75	1:5
TATA PRESS,10	03/89	1.57	6.34	50.38	68.75	72.50	48.50	5.3	1.9	13.0	22.0	3.2		
TATA STEEL,10	03/90	230.14	743.47	42.31	132.00	141.88	103.25	6.5	2.9	20.3	30.0	2.3	86	2:5
TATA TEA,10	03/90	17.10	109.99	74.32	231.00	231.00	156.00	24.3	12.1	9.5	60.0	2.6	88	3:5
TATA UNISYS,10	03/90	4.38	8.76	30.00	120.00	130.00	67.50	11.8		10.2	30.0	2.5	87	2:5
TEXMACO,10	03/90	1.87	11.06	69.14	38.00	68.00	33.00	-67.0						
TINPLATE,10	03/90	10.14	12.16	21.99	35.00	40.00	27.50	2.5		14.0	15.0	4.3		
TUBE INVESTMENT,10	03/90	6.71	28.62	52.65	73.00	73.75	61.00	6.7	3.1	10.9	24.0	3.3	85	1:3
TUTICO ALKALIES,10	03/89	12.94	-2.63	7.97	12.50	19.00	11.00	0.9	-0.8	13.9		44.4		
TVS SUZUKI,10	03/89	23.10	-5.50	7.62	16.00	17.00	11.00	1.3		12.3				
TWENT.CENT,10	03/90	8.86	12.44	24.01	29.00	34.00	21.00	4.5		6.4	22.0	7.6	88	2:5
U.B.LTD.,10	06/88	4.00	9.53	33.82	70.50	76.25	37.00	7.1		9.9	20.0	2.8	86	1:1
UNION CARBIDE,10	03/89	32.56	38.04	21.68	38.00	38.00	19.75	1.4		27.1		5.3	80	1:2
UNIT PHOSPHORUS,10	12/87	2.80	2.66	19.50	50.00	76.25	37.00	0.4	-1.1	125.0	10.0	2.0		
UPCOM CABLES,10	03/89	5.92	1.86	13.18	25.00	53.00	17.50	4.3	-0.8	5.8	20.0	8.0		
VAM ORGANIC,10	03/90	5.16	20.35	49.44	133.75	172.00	120.00	15.7	8.7	8.5	35.0	2.6		
VARELI,10	03/88	7.29	13.49	28.50	20.00	30.00	20.00	5.7	0.7	3.5	22.0	11.0		
VIDEOCON INT,10	03/90	4.23	6.91	26.34	245.00	271.25	95.00	66.2	49.7	3.7	40.0	1.6		
VINDHYA TELE,10	03/90	3.90	11.45	39.36	105.00	130.00	77.50	8.0		13.1	22.5	2.1		
VOLTAS,100	03/90	19.85	41.62	309.67	104.00	104.00	55.36	9.2	5.8	11.3	24.0	23.1	89	1:2
VST INDUSTRIES,10	03/90	9.65	16.71	27.32	60.00	60.00	27.00	6.1	2.8	9.8	30.0	5.0	89	3:5
WALCHAND,100	09/88	3.00	2.46	182.00	21.00	27.50	15.00	2.0		10.5			82	1:2
WARREN TEA,10	03/90	3.90	11.49	39.46	107.00	115.00	47.50	20.9	4.0	5.1	50.0	4.7	89	1:1
WIMCO,10	03/89	13.58	5.34	13.93	24.75	31.00	15.50	-9.7	-2.8				70	1:5
Z F STEERING,10	03/89	2.25	1.02	14.53	46.50	59.00	43.00	2.6	1.1	17.9	10.0	2.2		
ZENITH,10	12/88	9.15	17.20	28.80	51.00	61.00	36.00	5.2	3.1	9.8	30.0	5.9	87	1:4
ZUARI,10	03/89	12.43	57.09	55.93	70.00	77.00	55.00	4.8	-2.3	14.6	35.0	5.0		

Note: EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half year: after tax earnings per shares for six months taking into account announced half yearly profits. PE: ratio of market price to after tax per share. Yield: dividend as a percentage of market price.

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Address : ____________________
____
Education : ____________ Age : ________
Profession : ____________ Date : ________
Signature : ____________________

Company fixed deposits (current for August 1990)

Name of the company	Minimum Amount	Rate of interest %		
		1 year	2 year	3 year
ACC	3000	11.5	12.5	14.00
APPLE IND.	6000	-	14.00	14.00
ASHOK LEYLAND	2000	-	13.75	14.00
AMAL RASAYAN	3000	13.00	13.50	14.00
AMFORGE INDIA	3000	13.00	14.00	14.00
BEST & CROMPTON	3000	13.00	13.50	14.00
BAJAJ HIND	1000	-	13.00	14.00
BLUE BLENDS	3000	-	13.00	14.00
BOROSIL GLASS	3000	-	13.00	14.00
BURROUGHS WEL	3000	-	13.50	14.00
BOMBAY DYEING	3000	9.50	13.00	14.00
BAJAJ AUTO	5000	-	-	14.00
BROOKE BOND	5000	-	-	14.00
BLOW PLAST	2000	-	14.00	14.00
BHARAT GEARS	2000	14.00	14.00	14.00
BLUE STAR	3000	11.00	13.00	14.00
20TH CENTURY	1000	13.00	13.50	14.00
CEAT TYRES	3000	-	12.50	14.00
CAMPHOR ALLIED	2500	13.50	13.50	14.00
CARBORANDUM	3000	-	13.50	14.00
CAPRIHANS	3000	-	14.00	14.00
CHEM &PLASTICS	2000	-	-	14.00
COLOURCHEM	3000	10.50	13.00	14.00
CAMLIN LTD	3000	-	-	14.00
DCW LTD	3000	12.50	13.50	14.00
DUNLOP INDIA	3000	-	-	14.00
ESSAR SHIPPING	3000	-	13.00	14.00
E.MERCK INDIA	3000	-	-	14.00
E.I. HOTELS	1000	-	-	14.00
FOODS & INNS	2000	13.00	14.00	14.00
FGP	3000	12.00	13.00	14.00
GAMMON IND	3000	-	-	14.00
GUJ FILAMENTS	1000	14.00	14.00	14.00
GUJ AMBUJA CEM	3000	-	13.50	14.00
GUJ LYKA	2000	-	14.00	14.00
HOECHST	5000	-	-	14.00
HIND SUGAR	2000	-	13.00	14.00
HINDUSTAN LEVER	5000	-	-	14.00
HIND ALLOYS	3000	13.00	13.50	14.00
HERDILLIA CHEM	5000	-	-	14.00
ITC	5000	-	-	14.00
INDIA CEMENTS	3000	13.00	14.00	14.00
INDIAN PLYWOOD	1000	13.50	14.00	14.00
INCAB	2000	13.00	13.50	14.00
IVP	3000	-	14.00	14.00
INTEGRATED FIN	1000	-	14.00	14.00
INDIAPHOTO COM	3000	-	-	14.00
INDIAN ALUM.	3000	-	-	14.00
JK SYNTHETICS	3000	14.00	14.00	14.00
JAYANT PAPER	3000	-	-	14.00
KOTHARI SUGARS	3000	13.00	13.50	14.00
KREST LEAS.	3000	-	14.00	14.00
KINETIC ENGG	3000	-	13.00	14.00
KELVINATOR	2000	12.50	13.50	14.00
KIRLOSKAR PNEU.	3000	13.00	13.50	14.00
KIRLOSKAR COM.	3000	12.00	13.00	14.00
L&T	3000	11.00	12.50	14.00
LLOYDS STEEL	3000	-	14.00	14.00
MUKAND	3000	11.00	12.50	14.00
MAHIN &MAHIN	2000	11.00	13.00	14.00
MODI XEROX	2000	13.50	14.00	14.00
MRF	1000	12.50	13.50	14.00
MCLEOD RUSSEL	4000	-	13.00	14.00
MCDOWELL	3000	12.00	13.50	14.00
MYSORE PETRO	1000	13.00	13.50	14.00
NAGARJUNA STEEL	2000	14.00	14.00	14.00
NAGARJUNA FIN	2000	14.00	14.00	14.00
NEEDLE ROLLER	2000	-	13.00	14.00
POLYCHEM	2000	13.00	13.50	14.00
PHILIPS CARBON	1000	13.00	13.50	14.00
PRAKASH PIPES	2000	14.00	14.00	14.00
PREMIER AUTO	1000	13.00	14.00	14.00
PUDUMJEE PULP	3000	12.50	13.00	14.00
PRECISION FAST	2000	-	14.00	14.00
RANBAXY	5000	13.00	14.00	14.00
RELIANCE	5000	-	-	14.00
RATHI ALLOYS	3000	14.00	14.00	14.00
REVATHI C.P.	1000	13.00	13.50	14.00
SAE	3000	13.50	14.00	14.00
SOUTH INDIA VIS	3000	14.00	14.00	14.00
SIEMENS	5000	14.00	14.00	14.00
SESA GOA	2000	13.00	13.50	13.00
SAIL	5000	10.50	11.50	13.00
SHAW WALLACE	3000	-	13.00	14.00
STRAW PRODUCTS	3000	13.00	13.50	14.00
SRIRAM FIBRES	2000	-	13.50	14.00
TCI	2000	14.00	14.00	14.00
THAPAR AGRO	1000	14.00	14.00	14.00
TATA FINANCE	5000	-	-	14.00
TATA CHEMICALS	10000	-	-	14.00
UNITECH	5000	14.00	14.00	14.00
UNITED CARBON	2000	-	14.00	14.00
VARELI TEXT	3000	12.00	13.00	14.00
VAZIR GLASS	2000	—	13.00	14.00
V.B.DESAI FIN	2000	14.00	14.00	14.00
VIP INDUS	2000	14.00	14.00	14.00
WESTERN INDIA	2000	14.00	14.00	14.00
WS INDUS	2000	13.50	14.00	14.00
ZUARI AGRO	2000	12.50	13.00	14.00

Cumulative deposit scheme (current for August 1990)

Name of the company	Minimum Deposit	Maturity amount	Period (years)	Annua compound rate o interes (%)
ACC	3000	4503	3	14.90
ASEA	3000	4533	3	14.93
APOLLO TYRES	3000	4555	3	14.94
ARUNA SUGARS	2000	3030	3	14.85
ASHOK LEYLAND	2000	3025	3	14.63
AMFORGE INDIA	3000	4533	3	14.59
BIHAR SPONGE	2000	3036	3	14.94
BEST & CROMPTON	3000	4554	3	14.94
BERGER PAINTS	3000	4533	3	14.93
BATA	3000	4503	3	14.90
BAKELITE HYLAM	2000	3030	3	14.85
BURROUGHS WEL	3000	4555	3	14.94
BLUE BLENDS	3000	4533	3	14.93
BAJAJ AUTO	5000	7505	3	14.49
BENETT COLEMAN	3000	4533	3	14.93
BROOKE BOND IND	5000	7505	3	14.60
BHADRACHALAM P.	3000	4554	3	14.79
20TH CENTURY	1000	1516	3	14.93
CAPRIHANS	3000	4553	3	14.94
CARBORANDUM	2000	3020	3	14.90
DCW LTD	3000	4533	3	14.93
DUNLOP	3000	4533	3	14.93
DUNCANS AGRO	2000	3036	3	14.93
EMPIRE FIN	1000	1522	3	15.04
ESCORTS	3000	4500	3	14.90
ESSAR SHIPPING	3000	4533	3	14.75
FIRST LEASING	1000	1518	3	14.93
FOODS& INNS	2000	3022	3	14.59
GAMMON IND	3000	4555	3	14.75
GUJARAT FIL	1000	1512	3	14.74
GTC IND	3000	4533	3	14.93
GKW	2000	3036	3	14.77
HIND CONST	3000	4533	3	14.93
HIND ALLOYS	3000	4533	3	14.93
HIND RECT	3000	4566	3	14.94
HARRISON MALY.	3000	4533	3	14.59
IVP	5000	7555	3	14.75
ITC	5000	7555	3	14.75
INDIA CEMENT	3000	4542	3	14.85
ICI LTD	4000	6044	3	14.59
JAYANT VITAMINS	3000	4503	3	14.90
J.K. SYNTHETICS	3000	4500	3	14.47
J.K. INDUSTRIES	2000	3022	3	14.90
KANORIA CHEM	3000	4533	3	14.93
KOTHARI SUGARS	1000	1518	3	14.93
KIRLOSKAR INV	2000	3036	3	14.94
LUPIN LABS	4000	6072	3	14.93
L&T	3000	4468	3	14.20
MODI XEROX	2000	3036	3	14.93
MCLEOD RUSS	4000	6044	3	14.74
MODERN THREADS	2000	3036	3	14.93
MODERN SYNTEX	1000	1511	3	14.74
NAGARJUNJA STEEL	2000	3036	3	14.93
NAGARJUNJA FIL	2000	3036	3	14.94
NAMDANG TEA	4000	6044	3	14.74
PARAS SYNTH	3000	4560	3	14.98
PEICO	3000	4502	3	14.49
PHILIPS CARB	1000	1511	3	14.74
PRECISION FAST	2000	3022	3	14.90
PADAMJEE PULP	3000	4533	3	14.75
PREMIER AUTO	3000	4554	3	14.94
PREMIER CONST.	3000	4533	3	14.93
RAPICUT CARB	2000	3036	3	14.94
RANBAXY	5000	7555	3	14.75
RATHI ALLOYS	2000	3040	3	14.98
RELIANCE	5000	7550	3	14.75
REGENCY CERAMICS	3000	4533	3	14.75
SAKTHI FINANCE	5000	1518	3	15.03
SOUTH VISCOSE	3000	4533	3	14.75
SAIL	2000	2950	3	14.34
SHRIRAM FIBRES	2000	3022	3	14.75
STRAW PRODUCTS	3000	4533	3	14.75
SESA GOA	3000	4553	3	14.94
SHOPPERS INV.	1000	1522	3	15.04
SAE	3000	4555	3	14.94
THAPAR AGRO	3000	4533	3	14.75
TATA TELECOM	5000	7504	3	14.49
TATA CHEMICALS	5000	7500	3	14.49
UPCOM CABLES	3000	4533	3	14.75
UNIPLAS	3000	4555	3	14.78
USHA ALLOYS	3000	4554	3	14.93
UPTRON	3000	4553	3	14.94
VARELI TEXT	1000	4535	3	14.75
VIP IND	2000	3022	3	14.90
WESTERN HATCHER	2000	3036	3	14.93
WESTERN INDIA	1000	1518	3	14.93
WS INDUS	2000	3022	3	14.75
WIPRO LIMITED	4000	6003	3	14.49
ZUARI AGRO	2000	3037	3	14.91

Note: The above list is a selection of companies which accept deposits from their shareholders or from the public. Public limited companies offer lower rates than many sound private limited companies or partnership firms. Readers are advised to take suitable professional advice.

One for the day

The BSE index upped unabatedly as also prices of market leaders like Telco and Reliance. Many who participated in IC320 rightfully expected Reliance to be the star performer followed by Telco but went kaput in their predictions for the rest. We have Sangram V. Bahutule of Bombay as the sole winner. Congratulations!

Scrips	Prices as on Friday 1 June 1990 (Rs.)	Prices as on Friday 29 June 1990 (Rs.)	Ranks
Asian Paints	237.50	232.50	5
Colgate	218.75	226.25	3
Essar Shipping	36.75	36.00	4
Reliance	64.50	92.50	1
Sesa Goa	101.00	92.00	6
Telco	150.00	159.00	2

Given below is a new list of six scrips, and their closing prices on 16 July 1990. Pick the share that you think will rise the most in percentage terms by 13 August 1990 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest, you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 13 August 1990. You don't have to tell us either the prices or even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

Rules:

1. There is no entry fee.
2. The price mentioned last in the official quotation list will be taken as correct for purposes of calculation. If the stock exchange remains closed on the stated last day, the closing price on the prior day will be used.
3. Entries must be on the printed form given below. Any other entries will be disqualified.
4. Only one entry will be permitted per form.
5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 9 August 1990.
6. **Business India**'s decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.
7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.
8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

Name of scrip	Prices as on Monday 16 July 1990 (Rs.)	Rank as on Monday 13 August 1990 (please fill in number)
Auto Axles	31.50	
Comet Steels	19.00	
DCW	69.00	
Mukand	135.00	
Su-Raj Diamonds	47.50	
Tata Power	777.50	

Name:

Address:

Age:

Profession:

Date:

IC323

DYNASTY CULTURE CLUB

And now... corporate membership

In June last year, a new concept in entertainment made its appearance on Bombay's cultural scene. The Dynasty Culture Club (DCC), started by theatre personalities Ronnie Screwvala and Hosi Vasunia, aims at providing its members, who pay annual fees, with a year-long package of quality entertainment and contact with national and international artistes. The club has four sponsors — Herbertsons Ltd, Air India, Hotel President and Indian Express. Members do not pay for individual shows and are entitled to attend approximately 20 a year, many exclusive to them.

"The first year was an investment in goodwill and building up our credibility," says Screwvala. "Now we hope to make it a self-sustaining venture." Accordingly, 15 aggressive young men and women are now making the rounds of offices to sell corporate memberships.

In the last one year, DCC organised programmes as varied as tete-a-tetes with Ben Kingsley and Aamir Khan, a concert featuring Zakir Hussain and jazz drummer Billy Cobham, the Bolshoi Theatre and the Chinese Ningxia Art Troupe. The Broadway hit *M. Butterfly* was staged, with an international cast, a Gujarati play was premiered for members, and Pearl Padamsee thrilled children with a melange of song and dance titled *Dancing Donkey*.

This week, on 27, 28 and 30 July, DCC celebrates its first anniversary with Dynanite 1990, featuring artistes from London — vocalist and musician Lynda Myers, magician Leo Ward and vocalist and dancer Juliet Naylor.

Membership drive

Having acquired approximately 4,300 members in the first year, DCC is now gunning for the 6,000 mark. Corporate membership is part of the overall strategy and Screwvalla says the club hopes to rope in at least 250 companies.

Armed with a kit complete with a 15-minute video film, sales staff are making contact with 1,500 organisations. Mainly, companies with a large turnover and people-oriented ones in the service sector are being approached. In its enthusiasm, DCC has gone to public sector bodies too, though neither Vasunia nor Kamal Mulla, manager, corporate and public relations, expect quick responses from that quarter.

"Spot decisions come from smaller companies," says Mulla. Though the campaign has just begun, the club has got some organisations to agree immediately. Executives of Rajashree Cement, for example, saw the video cassette and promised to send a cheque the very next day.

A showing of M. Butterfly*: a Broadway hit for members*

"When we began last year," says Mulla, "there was no corporate membership. But we found people wanted to debit their company accounts. Johnson and Johnson and Bombay Oil Industries became members." Adds Vasunia: "Earlier, we told people that if they gave us an ad for the souvenir, we would give them membership. The concept of corporate membership evolved from that."

Corporate membership is being marketed as a perquisite for middle management executives. "Top executives have perks like 5-star holidays," points out Mulla. "But middle management people get left out." Companies are also being persuaded to sign up so that they can use the facility to entertain visitors and out-of-town executives.

Membership is being sold in units o Rs.7,400 each; DCC offers progressively larger discounts for extra units bought. A unit comprises four cards, each of which has a one-time membership fee of Rs.350 Tickets to shows can be obtained on presentation of these cards. The company can either nominate four card users, or retain membership in its own name and give employees the benefit on a rotating basis for approximately 50 shows a year. Honorary corporate membership against ads is still being offered, and tax deductions may be obtained if the amount is debited to publicity budgets, says Mulla.

Special privileges

The Corporate Gold Card membership, aimed at top executives, will be launched in October. A five-year membership for four individuals will cost Rs.32,000, and DCC plans to restrict total membership to 1,000 individuals. Privileges include special shows, exclusively commissioned programmes to which ordinary members have no access, home delivery of tickets, overseas ticketing facilities and information on shows through a special tie-up with First Call of the UK. Gold Card members can also bring one guest free to all international shows.

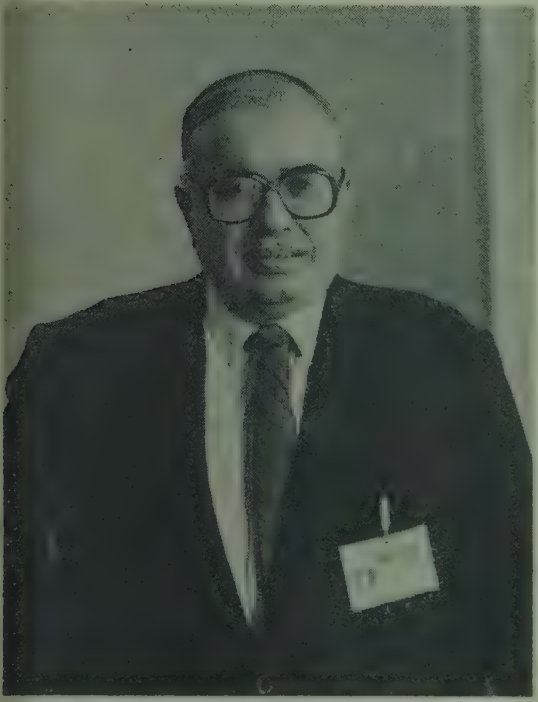
Facing constraints, such as not being able to pay foreign artistes because of Reserve Bank regulations, DCC approached the sponsors with specific requests. Herbertsons, as associates, helped with publicity, spending nearly Rs.20 lakh last year, and presented complimentary bottles of its Dynasty whiskey to members on their birthdays. Foreign artistes had to be flown in, so Air India, as official carrier, provided about Rs.5 lakh worth of tickets. Hotel President, as official host, accommodates all outstation guests and handles catering for outdoor events. Indian Express, as press sponsor, donates space.

And as more people sign up, DCC finds itself faced time and again with the accusation that it no longer has the exclusive, elite image it had promised.

"We never said that membership would be restricted and exclusive," sighs Vasunia. "What we said was that events would be exclusive to members. We made a few mistakes last year, but we are trying to live up to that promise by commissioning plays and other programmes only for members."

■ MENKA SHIVDASANI

A consistent performer



P. Ramakrishnan, *53, is chairman of Hindustan Petroleum Corporation Ltd.*

When P. Ramakrishnan joined Stanvac Oil Company (later known as Esso) as an operations trainee in 1960, he never dreamed that 30 years later, he would don the mantle of chairman of one of the largest oil companies in India. A mechanical engineer from Walchand College of Engineering, Sangli, his ascension at Hindustan Petroleum Corporation Ltd (HPCL) represents a leap from Grade 13 to Grade 0.

A positive approach, an amiable disposition, and quick decision making have won PR (as he is known in the corridors of Petroleum House) laurels from both his superiors and subordinates. Also contributory are "my experiences in the areas of operations, sales, distribution, supply and engineering", says he.

Well deserved. Ramakrishnan was posted as senior regional manager of the Bombay regional office of Esso in 1969. During the period 1974-80 Caltex and Esso were taken over and merged to form HPCL. And in 1978, PR got the well deserved elevation to the post of chief distribution manager.

HPCL's practice of planning facilities for marketing, terminals and depots with the distribution division "gave me planning leverage", says PR. But what he relished most was preparing the Seventh Plan approach paper for the entire oil industry and for port and internal distribution facilities on behalf of HPCL. His second challenge was the planning of product handling facilities after the expansion of HPCL's Vizag refinery.

As general manager, engineering and planning, he had the privilege of sanctioning and commissioning the construction of the Vashi terminal, the purpose of which was to streamline supply lines. Other developments during this period included the movement of bitumen from Haldia through Bangladesh rivers to Assam, and planning the barge movement of petroleum products along Kerala's backwaters and the Ganges.

Over the years PR has evolved his own style. "Call me a one-minute manager if you want, but I am not a sculptor aiming for 100 per cent perfection. Unbeatable solutions are rare. There may have been sub-optimal decisions too. But one learns." In 30 years, he has learnt to recognise the eager beavers, the hasty ones, the plodders and the cool cats.

As marketing director from 1988, he visualised upgrading the zonal structure. Says PR, "We have decentralised authority and decision-making now and zonal GMs can take decisions. Earlier, only directors could."

Low stock loss. PR reels off sales and profit figures with a felicity few can match. He is proud of the fact that HPCL has met all action plan parameters set by the government, and also all capital expenditure targets with a stock loss as low as 0.06 per cent. His target is to meet a 17 to 18 million tonnes sales throughput of the total of 78 to 80 million tonnes for the country by 1994-95.

How would he reconcile to a future with depleting oil reserves? Says he, "We have to try various measures. Oil cannot be flogged any more. As a marketing man, one has to find other alternatives to make a profit; maybe sell other products like lubes, and diversify into other areas, if needed."

Yet for PR, it is not all work and no play. He enjoyed cricket, football and hockey in his student days, and his passion today is bridge. He has consistently represented HPCL in the Petroleum Sports Control Board (PSCB) meets and in the five consecutive years that he has played, his team has always won.

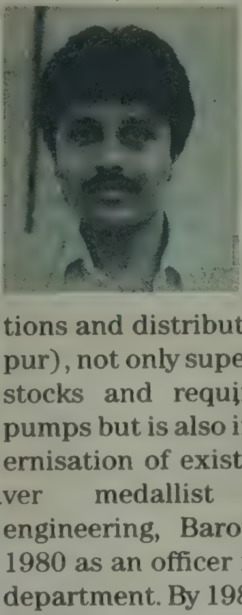
■ PADMA RAMNATH

FRONTRUNNERS

At 31, **Vinod Haritwal** is finance manager of Ceat India, which has an annual turnover of Rs.421 crore. With a list of impressive academic achievements in chartered accountancy, company secretaryship and law, the soft-spoken accountant's first job was at Special Steels. Here he learnt the ropes of finance management. Later, at the R.P. Goenka group's tyre company, he was able "to develop managerial acumen".

After handling the corporate functions of Ceat India for two years, Haritwal became finance manager. "Treasury management is the main contributor to the profitability of a company," he says. A natural history enthusiast and a keen environmentalist, Haritwal would "like to take over the finance functions of the company in toto a few years from now."

—S.G.



D.B. Barot, 30, considers himself an exception to the rule that only grey hair brings advancement in public sector companies. Barot, manager, operations and distribution, at HPCL (Nagpur), not only supervises the supply of stocks and requirements to petrol pumps but is also involved in the modernisation of existing facilities. A silver medallist in mechanical engineering, Barot joined HPCL in 1980 as an officer in the maintenance department. By 1987 he was promoted as deputy manager for project and maintenance, at Wadala in Bombay — a post he held till early this year.

A loyalist, Barot hails HPCL as the best public sector company. "The informal work atmosphere, coupled with a free, fair and frank relationship with superiors, provides one with opportunities to grow," he declares.

—M.H.

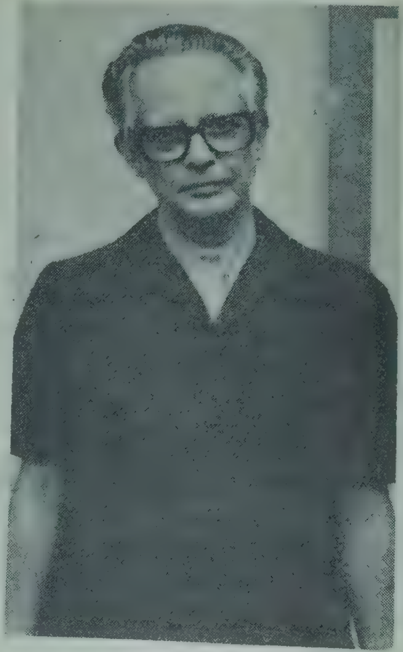
Rajan Pillai and Vijay Amritraj should be very happy, now that their brainchild, the Britannia Amritraj Tennis (BAT) scheme, started around eight years ago, has finally paid dividends. One of their earliest recruits, **Leander Paes**, who joined the scheme at the age of 12, has just won the Wimbledon Junior Championship. Five years of hard work, six hours at school and seven hours on the tennis courts, courtesy BAT, has borne fruit.

BAT, which recruits youngsters on the basis of their performance in tournaments round the country, sponsors their entire stay at its venue in Madras. Pillai's Britannia, which invested Rs.7 lakh initially, spends about Rs.10 lakh annually on various facets of the programme — lodging facilities for the trainees, a gymnasium, tennis courts, education, etc.

There are three other young stars as well who are being groomed for championship games. And as far as Paes is concerned, BAT has a tough task ahead to groom him for the professional circuit. But, knowing the sponsors' commitment to the project and the clout they have in terms of hiring professional services, it should not be very difficult to achieve.

The eminent cartoonist, **R.K. Laxman**, keeps returning to Calcutta, partly out of love for the 300-year-old city, and partly to please sponsors who commission his sketches. The latest sponsor, is the ITC group, which is holding an exhibition of city sketches. Laxman's work has also gone into the making of greeting cards. The proceeds from the sale of these cards will go to Concern for Calcutta, an organisation that works for the beautification of "the city of joy" that many claim is dying.

Laxman, however, has different views about this city which "encourages the creative urge in the artist". "Even the garbage dumps here lend themselves to an artist's point of view," he says. Laxman claims that he has not drawn any caricatures of Calcutta. "Any humour that you see is incidental; I am not responsible for it," he says.

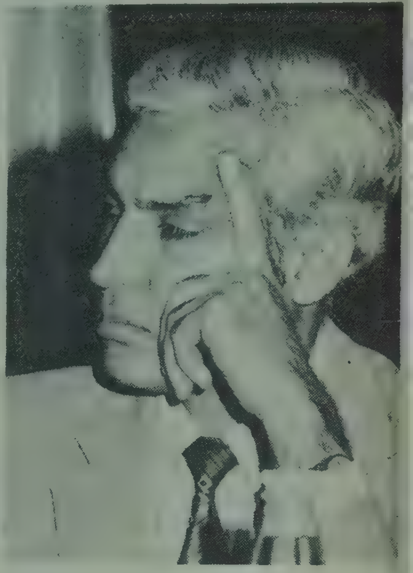


Finally Laxman, who certainly had good reason to thank the sponsors, quipped, "Cigarettes may be injurious to some, but they are definitely beneficial to artists like me."

Rajiv Gandhi who has always been inaccessible to the media — even after he lost the halo of prime ministership — put up a surprise appearance at the second anniversary bash of Indian Public Advertising Network (IPAN), the capital-based public relations arm of HTA, at Oberoi Intercontinental in New Delhi last fortnight. He was there to add glitter to his old pal, IPAN's general manager, Rajiv Desai's show. Desai had also acted as an advisor to Congress(I) for its campaign during the last general elections.

Clad in kurta pyjama, Gandhi was a hit with the ladies, posing for photographs endlessly with them. Journalists made the best of the opportunity, bombarding him with questions about his opinions on the National Front government's economic policies. Rajiv was game. He spoke with his characteristic flair. In reply to a query, he said that if the farmers' loans were waived, the inflation rate would shoot up by 40 per cent. Journalists returned amused, if not impressed.

Before **Tejendra Khanna**, chief controller of imports and exports, arrived at Bombay on a scheduled visit, a telex from his Delhi office to the Bombay Controller of Imports flummoxed the Bombay office.



The message said that Khanna wanted to address a delegation of the All India Exporters' Association on 13 July. What confused the Bombay office was that a gala open house with the Federation of Indian Exporters' Organisations' was already scheduled for that day. At a loss to locate the non-existent exporters' association, the Bombay office finally managed to unearth an All India Exporters' Chamber (AIEC) and informed them of Khanna's impending visit.

Come 13 July and it was Khanna's turn to be perplexed. He already had a meeting organised with the All India Importers' Association (AIIA) and of course knew nothing of the exporters' chamber. Khanna, however, smoothed over the situation with typical *savoir faire*. After some frantic rescheduling, he met the AIIA in the morning and the AIEC in the evening.

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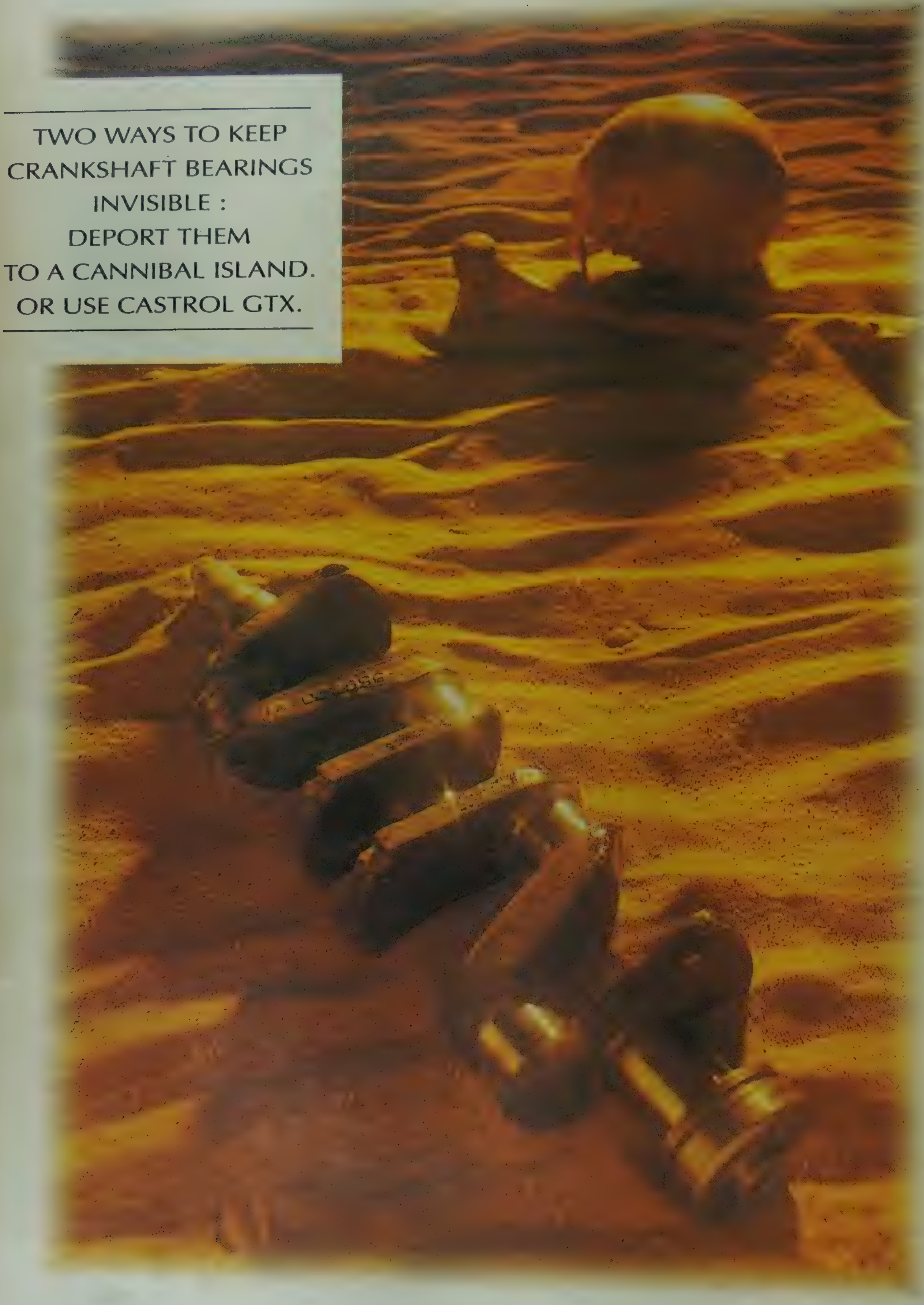
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Let's admit it. We at Kirloskar Electric have often been called fools. For taking risks and sometimes falling flat on our faces. But look at the payoffs. The history of Kirloskar Electric is the history of engineering firsts in industrial electrics and electronics in India.

Take the case of the no-break gensets for the Nuclear Power Corporation (NPC) or Atomic Energy Commission, as it was known then.

There are 17 imperative preconditions for a nuclear power plant. Make it 25. No, make it 100. Every one of them is called safety. Nothing else matters. Because the consequences of a single slip are unthinkable. Which is why NPC is perhaps India's most demanding client.

Barring captive battery power, no-break gensets are the most critical source of power at nuclear power stations. They supply power to regulators, coolant pumps and other emergency equipment for the safe operation, protection, maintenance and shut-down of these plants.

We are the only Indian company which has supplied no-break gensets to NPC for their various nuclear power stations. But the real test of our designing capabilities came when NPC wanted four 325 KVA and eight 55 KVA no-break sets for the Narora Atomic Power Plant in Uttar Pradesh. We had already built in the proverbial hundred safety factors in our earlier sets. Now NPC wanted the hundred and first. It was the toughest condition they had set so far. They not only wanted the new no-break sets to be technologically far more advanced but also earthquake-proof. All the "dadas" from across the world tried to get the order. We bagged it.

Those earthquake-proof sets tested the engineering ingenuity and genius of our technical and design team to the limit. The operating and safety requirements for these sets were of an altogether different order. With the help of perhaps the finest electrical and electronics talent in the country we licked every single problem and established the total reliability of our sets both on the test-bed and on site.

Narora went critical in March 1989.

This is a power-hungry country. The Nuclear Power Corporation wants to install 10,000 MW nuclear power stations by 2000 AD. We are already working on rotary no-break gensets for 500 MW nuclear plants.

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INDUSTRIAL ELECTRICS AND ELECTRONICS

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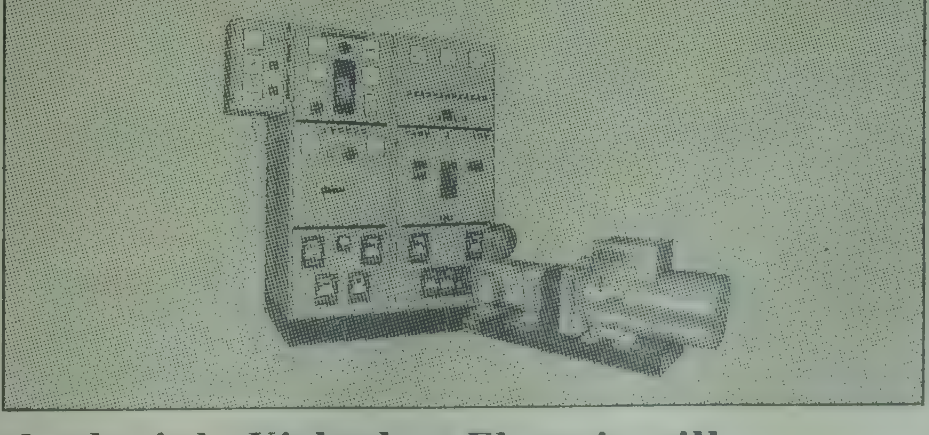
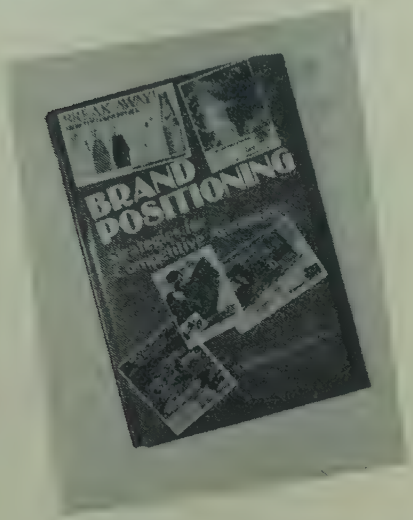


When nobody else can do the job, Kirloskar Electric will.

Position this one



BRAND POSITIONING: STRATEGIES FOR COMPETITIVE ADVANTAGE
by Subroto Sengupta
Tata McGraw-Hill, New Delhi, 1990,
pp xix + 299, Rs.150

Walk into any bookshop or library. Indian books on advertising and marketing are rare. Look at this one. It is attractively packaged, with good binding, printing, colour photographs, and a subject index. The author is a leading advertising practitioner who has also taught advertising and marketing at the Indian Institute of Management in Ahmedabad and Calcutta. So, on first impressions alone, this book should be bought and at least flipped through.

On closer examination, the tome is not a disappointment. It is logically structured and painstakingly presented. A major strength is the intermingling of theory and case history. The subject, moreover, is central to modern advertising and marketing. Correct positioning usually leads to success, or so we believe today. Sengupta's book would have immeasurably compressed my own learning process in Indian advertising: a decade ago, I had to rely on American authors.

For beginners or veterans?

However, the root problem with the book, it seems to me, is that its own positioning is not clear. The subtitle "Strategies for Competitive Advantage" (rather than, say, "An Introduction") suggests it is aimed at advertising and marketing professionals. Unfortunately, the book is more consistently pitched at beginners. The cognoscenti are likely to find the book a little trying and pedagogic.

On the other hand, the author has not singlemindedly catered to novices either. For example, he does not explain alternative (or older) approaches to advertising and marketing. Terms like "unique selling proposition (USP)" and "brand image" are well known. The beginner needs to know how positioning relates to these. But Sengupta dismisses such interest rather lightly. So who is this book for? Perhaps everybody, in which case it should be structured to satisfy every kind of reader.

A major flaw is the superficiality with which most cases are presented and discussed. Take for example the discussion on Forhan's Freshmint, presented as an example of "positioning by brand endorsement". Fair enough, but was Freshmint a success or not? Either way, are we able to attribute this to the positioning? Without the answers to the preceding questions, is there any value in giving a real life example?

To balance this carping, one must praise the quality of some of the cases - notably the Gold Flake and Vicks Vaporub cases. Perhaps Sengupta got varied cooperation from the subjects of different cases. But, if so, it would not have been ungentlemanly for the author to say so and to exclude especially flat cases.

Opaque explanations

An inconsistency is also evident in Sengupta's willingness to explain. In chapters 8 and 9, for example, he compiles others' views on positioning. One expects him to reconcile their views with his or at least to point out any irreconcilable differences. Sengupta does provide such notes for most of the authors (chapter 8) but none on the agencies (chapter 9). It might have been better the other way round: few of us will get to quiz agency heads, but all can (if they wish) read the authors Sengupta has summarised.

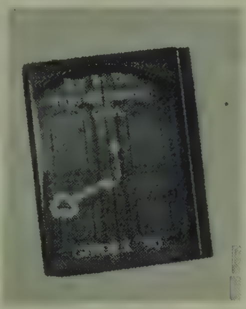
When Sengupta does offer explanations, they are opaque. In chapter 11, for example, in his explanation of multi dimensional scaling (MDS), he assumes knowledge of "Euclidean distances", "monotonicity", "stress value" etc. Why not just assume knowledge of MDS? I found the explanation worthless.

My final recommendation: if you are into the subject and can buy the book, do, otherwise read it. Either way, encourage future versions.

■ NANDAN MALUSTE

Gindex '90: A Complete Review of Industrialisation in Goa

MITCON, Goa, 1990 pp.507, Rs.350



In 1961, at the time o Goa's liberation, onl 46 small scale unit dotted its industria landscape. But today there are 3,796 registered SSI and 41 medium and large unit covering almost all industries. And this book provides information about these 3,837 units.

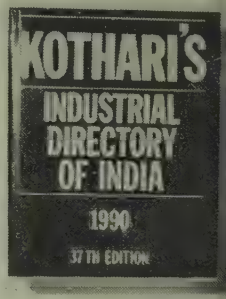
Spread over 393 pages, the details provided include name of the firm, its address, telephone number, product range installed capacity, sales, and name of th key person. However, GINDEX '90 is mor than just a list of existing Goan industries. The book catalogues the variou agencies — SISI, MSFC, MEDC, directorate of industries, etc.

Systematically arranged, the information contained in this book could prove t be invaluable to anybody interestd i business links with Goa.

—R.

Kothari's Industrial Directory of India 1990 (37th edition)

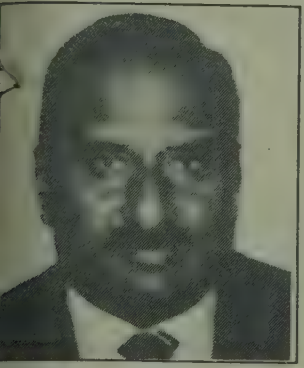
Kothari Enterprises, Madras. Distributed by UBS, Bombay.pp.1976, Rs.550



Kothari's Industrial Directory has by now become imperative for all informed businessmen, investment brokers, investors and other industrial information seekers. Published first in 1936, the 37th edition (which commemorate the birth centenary of Chandulal Kothari the founder of Kothari Enterprises) o this exhaustive directory contains basic financial information on over 2,500 Indian joint stock companies. Posited in a macro context, covering policy/plan level information, macro-economic statistics as well as basic industry level data, the directory lends itself well to an individual analysis of companies.

One only hopes that in its future editions the directory will move into financial analysis, thereby adding value to an already useful compilation o information.

—A.



G.V. Rao has been appointed chairman-cum-managing director of The Oriental Insurance Company Ltd.

M.J. Pherwani has been appointed chairman of Maharashtra State Financial Corporation.

Chiranjiv Singh has taken over as chairman-cum-managing director of Sponge Iron India Ltd.

Ramesh V. Aroskar has been appointed managing director of Tata Unisys Ltd.

.C. Vaish has joined tate Trading orporation (STC) as hairman and managing irector.

Shirin Batliwala has taken over as general manager of Taj Bengal Hotel, Calcutta.

T. Balakrishnan has taken over as managing director of Kerala Tourism Development Corporation Ltd.

M.C. Venkatram has assumed charge as chief general manager of MTNL, Bombay.

V.P. Sardana has taken over as executive director of Visvesvaraya Iron and Steel Ltd, Bhadravati.

Lance Cooke has been appointed general manager, personal bank, of ANZ Grindlays Bank. **Rajan Ray** has been appointed assistant general manager, personal bank.

R.S. Pai has assumed charge as executive director of Syndicate Bank.

D. Jayaprakash has taken over as general manager of Hindustan Organic Chemicals Ltd in Cochin.

K.A. Chandrasekharan and **C.V. Narayanaswamy** have been elevated as executive directors of The Fertilisers and Chemicals Travancore Ltd.

B.M. Mandappa, P.N. Khar and **G.P. Singh** have taken over as executive directors of National Hydroelectric Power Corporation. **S.C. Sen** has taken over as director, technical. **N.V. Raman** has been promoted as company secretary and general manager, law.

S. Ramachandran has taken over as general manager, north, of Thomas Cook (India) Ltd. **Henry A.S. Ledlie** has joined as manager, inbound tours.

Vijay Kumar Mathur has taken over as chairman of International Airports Authority of India.

S.K. Agarwal has taken over as chairman-cum-managing director of Minerals & Metals Trading Corporation of India Ltd.

Deepak Nayyar has been appointed chief economic advisor in the ministry of finance.

ASSOCIATIONS

am Balsara has been lected president of the dvertising Club, ombay.

arl Mehta has been lected to the board of irectors of the nternational Advertising ssociation, New York.

.S. Mehra has been lected president of the ederation of All India yes & Chemicals erchants' Associations.

J.V. Vaidya has been elected chairman of the medical equipment division of Indian Electrical & Electronics Manufacturers' Association.

R. M. Dujodwala has been elected president of the Chamber of Indian Trade & Industry.

N.L. Rungta has been re-elected president of the Federation of Indian Mineral Industries.

Kamlesh Mehta and **Sunil Mehta** have been elected president and vice-president, respectively, of the Indo-Bulgarian Trade Association.

V.L. Dutt has been elected vice-president of the Federation of Indian Chambers of Commerce & Industry.

T.P. Raghavan and **N.G. Kannan** have been elected president and vice-president, respectively, of the Bombay chapter of the Aeronautical Society of India.

Senior executive positions

A compilation of executive positions advertised in **Business In** and other major publications between 2 and 15 July 1990.

THE FOUR BEST JOBS

- EXECUTIVE DIRECTOR (Finance) * New Delhi * *Sal* NS * *Age/Qlfn* 42-48 years * CA/MBA (Finance) * *Reqd* Around 20 years experience, of which at least 8 in a senior management level in a large organisation * *Cont* EDF/DEL/1126, ABC Consultants Pvt Ltd, 209, Meghdoot, 94 Nehru Place, New Delhi 110019 (ToI - 2.7)
- CHIEF EXECUTIVE * Pune * *Sal* NS * *Age/Qlfn* 38-45 years * Industrial or mechanical engineer * *Reqd* 7-10 years experience at the level of works or general manager in a hi-tech industry * *Cont* The Chairman, Wadia Technical Services Pvt Ltd, 44/2 Sassoon Road, Pune 411001 (ToI - 9.7)
- VICE-PRESIDENT (Finance) * Indonesia * *Sal* NS * *Age/Qlfn* NS * CA * *Reqd* 15 years experience in an industry or corporate office at a senior position * *Cont* Manager (HRD), Indo-Rama Projects & Services Ltd, 903 Mohan Dev Building, 13 Tolstoy Marg, New Delhi 110001 (ToI - 15.7)
- CHIEF EXECUTIVE * Delhi * *Sal* Attractive * *Age/Qlfn* Around 45 years * NS * *Reqd* Mature business manager with about 5 years experience in a senior management position with exposure to refractory industry * *Cont* ABC Consultants Pvt Ltd, 209 Meghdoot, 94 Nehru Place, New Delhi 110019 (BI - 22.7)

WEST

- FINANCIAL CONTROLLER * Hyderabad * *Sal* Attractive * *Age/Qlfn* NS * CA * *Reqd* Experience in working capital management and 4 years relevant post-qualification experience * *Cont* S.B. Billimoria & Co, 3-6-11/5, Himayatnagar Road, Hyderabad 500029 (BI - 22.7)
- GENERAL MANAGER (Service Industry) * Bombay * *Sal* Rs.1.5 lakh + incentives + perks * *Age/Qlfn* 35-42 years * Engineer + MBA * *Reqd* NS * *Cont* GMSI/BPA, ABC Consultants Pvt Ltd, 303 Embassy Centre, Nariman Point, Bombay 400021 (ToI - 2.7)
- GENERAL MANAGER (Personnel) * Pune * *Sal* NS * *Age/Qlfn* NS * PG in personnel management * *Reqd* Proven track record and 5 years experience at a senior level in a comparable organisation. Fluency in Marathi a must * *Cont* The Director & Senior Vice President (Personnel), Peico Electronics & Electricals Ltd, A, Shivsagar Estate, Dr. Annie Besant Road, Worli, Bombay 400018 (ToI - 9.7)

NORTH

- GENERAL MANAGER (Quality Control) * North India * *Sal* Rs.7,500 + house + car + perks * *Age/Qlfn* 42-50 years * Mechanical engineers, preferably with PG qualifications in QC * *Reqd* At least 20 years relevant experience in automobile/large light engineering industry, of which at least 5 years in a similar position * *Cont* Oman Consultants Pvt Ltd, 14-D Basant Lok, Vasant Vihar, New Delhi 110057 (ToI - 9.7)
- GENERAL MANAGER (Commercial) * Rajasthan * *Sal* NS * *Age/Qlfn* NS * CA/ICWA/MBA * *Reqd* At least 15 years experience at a senior level, independently handling all commercial functions in a large organisation * *Cont* The Director, Nihon Nirmaan Ltd, Nicco House, 5th Floor, 2 Hare St, Calcutta 700001 (ToI - 9.7)
- GENERAL MANAGER (Personnel) * New Delhi * *Sal* NS * *Age/Qlfn* NS * Graduate and PG in finance * *Reqd* 15-20 years experience of which last 3-5 years in a senior management role * *Cont* Essar JVC, P.B. 337, New Delhi 110001 (ToI - 11.7)
- PROFIT CENTRE HEAD * Delhi * *Sal* Rs.3 lakh * *Age/Qlfn* NS * Engineer + MBA * *Reqd* Proven track record in industry with 5 years as functional head * *Cont* Noble House, Management Placement Consultants, P.B. 3531, New Delhi 110024 (BI - 22.7)

EAST

- ASSISTANT VICE-PRESIDENT (Technical) * Calcutta * *Sal* Rs.10,000 + flat + car and driver + perks * *Age/Qlfn* 40-50 years * Metallurgical engineer or foundry technologist * *Reqd* Senior level experience * *Cont* VPT/BPA/3019, ABC Consultants Pvt Ltd, 43/3, Hazra Road, Calcutta 700019 (ToI - 9.7)
- GENERAL MANAGER (Precision Engineering Products) * Kharagpur * *Sal* Rs.10,000 + house + car + perks * *Age/Q* 40-45 years * Mechanical engineer * *Reqd* Proven track record managing a comparable hi-tech engineering unit independentl *Cont* GMP/BPA/3021, B.P. Agrawal, Chairman, ABC Consultan Pvt Ltd, 43/3, Hazra Road, Calcutta 700019 (S - 15.7)

SOUTH

- GENERAL MANAGER * Madras * *Sal* Attractive + perks * *Ag* *Qlfn* 35-40 years * PG in foreign trade * *Reqd* 10-15 years expe ence in the field of import and export including exports to t USSR * *Cont* B.R. Grover, Director (Personnel), Dalmia (Bro Pvt Ltd, Indraprakash, 21 Barakhamba Road, New Delhi 1100 (ToI - 9.7)
- FINANCIAL CONTROLLER * Mysore * *Sal* NS * *Age/Qlfn* NS * C *Reqd* 15 years experience of which 5 years at the level of depa ment head * *Cont* ES-1017, S.B. Billimoria & Co, 70/3 Miller Roa P.B. No 176, Bangalore 560052 (H - 12.7)

OVERSEAS

- GENERAL MANAGER (Works) * Central Java, Indonesia * *S* Saving Rs.3 lakh pa * *Age/Qlfn* NS * Graduate in textile techn logy * *Reqd* 10-15 years experience in textile industry of which least 5 years in a senior level * *Cont* Ms/4379, A.F. Ferguson & C 32 Nungambakkam High Road, Madras 600034 (H - 12.7)
- EXECUTIVE VICE-PRESIDENT (Spinning Division) * Indonesi *Sal* NS * *Age/Qlfn* NS * Commercial/techno-commercial bac ground * *Reqd* Should be working as chief of similar operations a large mill * *Cont* Manager (HRD), Indo-Rama Projects Servic Ltd, 903 Mohan Dev Building, 13 Tolstoy Marg, New Delhi 1100 (ToI - 15.7)

Executive positions

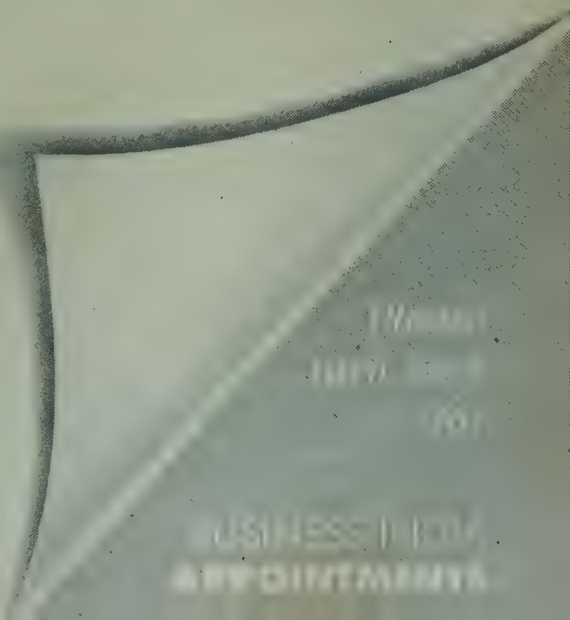
TOI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

NATIONAL

- WORKS MANAGER * Calcutta and Bombay * *Sal* Excellent * *Age/Qlfn* NS * Mechanical/electrical engineers * *Reqd* 10 years experience with a proven track record * *Cont* Box L 251-S, ToI, Bombay 400001 (ToI - 5.7)
- PRODUCT MANAGER (OTC Products) * New Delhi * *Sal* Attractive * *Age/Qlfn* 35 years * Science/pharmacy graduates, preferably with an MBA * *Reqd* At least 8 years relevant experience in handling OTC products in a professional organisation * *Cont* PM/DEL/1127, ABC Consultants Pvt Ltd, 209 Meghdoot, 94 Nehru Place, New Delhi 110019 (ToI - 5.7)
- MANAGERS * Faridabad * *Sal* NS * *Age/Qlfn* NS * Graduate in engineering * *Reqd* 8-10 years experience at senior level in purchase department of reputed companies, preferably in automotive/refrigerator sector * *Cont* Chief Supply Manager, Kelvinator India Ltd, 28, NIT, Faridabad 121001 (ToI - 10.7)
- ACCOUNTS MANAGER * Madras * *Sal* NS * *Age/Qlfn* NS * CA * *Reqd* 5-8 years experience in a manufacturing organisation * *Cont* Executive Director, Eagle Flask Industries Ltd, T.V.K. Industrial Estate, Guindy, Madras 600032 (ToI - 9.7)
- GENERAL MANAGER (Manufacturing) * Madras * *Sal* NS * *Age/Qlfn* NS * Technical background * *Reqd* NS * *Cont* Badri Agarwal, MD, Enfield India Ltd, Enfield House, 115 Anna Salai, Madras 600015 (ToI - 2.7)
- FINANCE MANAGER * Bangalore * *Sal* Attractive * *Age/Qlfn* 30 years * CA * *Reqd* At least 5 years experience in managing computerised accounting, finance and taxation functions in reputed companies or accounting firms * *Cont* MS/5131, A.F. Ferguson Associates, 115 Dickenson Road, Bangalore 560042 (ToI - 4.7)
- DEPUTY GENERAL MANAGER (Operations) * Madras * *Sal* NS * *Age/Qlfn* NS * Qualified glass technologist with management qualification * *Reqd* 10 years experience at senior management level in a glass industry * *Cont* Executive Director, Eagle Flask Industries Ltd, T.V.K. Industrial Estate, Guindy, Madras (ToI - 9.7)
- PRODUCT MANAGER (Automotive/Motorcycle Batteries) * Bangalore * *Sal* NS * *Age/Qlfn* 30-35 years * Graduate in science/engineering. PG in marketing management would be an advantage * *Reqd* 7-10 years experience in automotive/auto ancillary industry * *Cont* Dr. S. Subramaniam, Director, Manpower Development Centre, Unity Building, 3rd Floor, N.R. Square, Bangalore 560002 (ToI - 12.7)
- PERSONNEL MANAGER (Bombay Operation) * *Sal* NS * *Age/Qlfn* NS * PG from TISS, XLRI or an MBA * *Reqd* 12-15 years experience of which at least 5 years at a senior level * *Cont* Manager (HRD), Asea Brown Boveri Ltd, Sona Towers, 71, Miller Road, Bangalore 560052 (ToI - 9.7)
- MATERIALS MANAGER * Bombay * *Sal* NS * *Age/Qlfn* 30-35 years * Chemical engineers/graduates in science with specialisation in chemistry * *Reqd* About 8-10 years relevant experience with reputable chemical companies * *Cont* MS/5530, A.F. Ferguson Associates, P.B. 1786, Bombay 400001 (ToI -2.7)
- MACHINE SHOP MANAGERS * Pune * *Sal* Attractive * *Age/Qlfn* NS * Mechanical engineers * *Reqd* 12-15 years experience in precision engineering industry, preferably engaged in manufacturing critical automobile components * *Cont* Divisional Manager (Personnel), Bharat Forge Ltd, Mundhwa, Pune 411036 (ToI - 10.7)
- MANAGER (Plant Engineering) * Nagpur * *Sal* NS * *Age/Qlfn* 40 years * Engineering degree * *Reqd* 15 years experience * *Cont* Ref: C-159, General Manager (Personnel), Ashok Leyland Ltd, 19 Rajaji Salai, Madras 600001 (ToI - 11.7)
- GENERAL MANAGER (Sales) * Calcutta * *Sal* Rs.1.5 lakh gross + perks * *Age/Qlfn* 35-45 years * Engineer + MBA * *Reqd* Selling experience in the cement, tea, fertiliser and chemical industries * *Cont* GMS/BPA/3020, B.P. Agrawal, Chairman, ABC Consultants Pvt Ltd, 43/3 Hazra Road, Calcutta (S - 8.7)
- GENERAL MANAGER (Finance) AND COMPANY SECRETARY * Calcutta * *Sal* Attractive + accommodation + car * *Age/Qlfn* Around 40 years * CA and CS * *Reqd* 12-15 years relevant experience at a senior level * *Cont* Box 3435, Statesman, Calcutta 700001 (S - 15.7)

OVERSEAS

- CHIEF INTERNAL AUDITOR * Dubai-Hongkong * *Sal* Rs.35,000 pm plus * *Age/Qlfn* Early 40s * CA/MBA (Finance) * *Reqd* 7 years relevant experience * *Cont* Beam Services, 1 Colaba Chambers, 117 Wodehouse Road, Colaba, Bomay 400005 (ToI - 8.7)
- PRODUCTION MANAGER * Jakarta * *Sal* NS * *Age/Qlfn* 30-40 years * Engineer * *Reqd* At least 5 years experience as production manager with specialisation in manufacturing jeans and trousers * *Cont* Es:6693, S.B. Billimoria & Co, P.B. 4325, New Delhi 110019 (ToI - 8.7)
- ASSISTANT MANAGER (Water Treatment Plant & Chemicals) * Muscat * *Sal* Attractive + accommodation + car * *Age/Qlfn* NS * Chemical engineers with PG in management * *Reqd* Proven track record in sales of related products * *Cont* MS/5532, A.F. Ferguson & Co, P.B. 1786, Bombay 400001 (ToI - 8.7)
- SALES MANAGER * Dubai * *Sal* Dh.4,000 pm + benefits * *Age/Qlfn* 30 years * MBA * *Reqd* 7 years experience in sales and marketing of consumer durables, preferably watches or home appliances * *Cont* MS/5540, A.F. Ferguson & Co, P.B. 1786, Bombay 400001 (ToI - 15.7)
- PRODUCTION MANAGER (Consumer Products) * Jeddah * *Sal* Excellent * *Age/Qlfn* 28-35 years * Management graduates from IIMs * *Reqd* 5-7 years experience in marketing fast-moving consumer products in a professional/multinational company. Minimum 7 years experience in product management a must * *Cont* Datamatics Staffing Services, P.B. 106, GPO, Bombay 400001 (ToI - 15.7)



MANAGEMENT TRAINING PERSONNEL SELECTION PROJECT REPORTS

GENERAL MANAGER — FINANCE

Our client is a highly successful & fast growing multi-unit, multi-product group with diverse manufacturing interests located in **South.** The Group is well known for its consistency in performance, growth, dividend, liquidity and professional management. The assets of the group will exceed **Rs.400 Crores** when the ongoing projects are completed in the next 2 years.

He will be the functional head and responsible for formulation and implementation of Corporate financial policies/strategic plans, mobilisation of finance, working capital & project cost management, compliance of MRTP/Statutory formalities, MIS, tax planning, management accounting and finalisation of computerised accounts.

The incumbent should have a proven track record of achievements with exceptional calibre to grasp and assimilate multifarious activities and achieve the desired corporate goals. He should preferably be a **Chartered Accountant and MBA** with over **20 years** experience in financial management, out of which at least 5 years in senior managerial position of any large reputed company. Essentially, he should be a dynamic, goal-oriented **achiever** with high integrity and capable of taking independent **effective** decisions in the **company's interests.**

Emoluments will be handsome with good opportunity for growth in the near future. For outstanding individual, appointment will be considered at Vice-President level. Preferred age group: 40-45.

Applications in confidence may be sent to:

Executive Director
MANAGEMENT DEVELOPMENT SERVICES
POST BOX NO. 6173
MADRAS 600 004.

DELTA:MDS:90-4

TAKE OVER PROPOSALS COMPUTER APPLICATIONS MARKET FEASIBILITY

ORGANISATION & METHODS SWOT ANALYSIS

REHABILITATION PROPOSALS MANAGEMENT INFORMATION SYSTEMS

R·O·M·A·N·O

CERAMIC TILES
FOR FLOORS & WALLS

ANANT RAJ CLAY PRODUCTS LTD., a multi crore company manufacturing Ceramic Glazed Tiles under the brand name of 'ROMANO' have started commercial production about 10 months back in Technical Collaboration with well known companies of U.K. and ITALY. The product has been very well accepted in the market and they are heading towards "Brand Leadership" in Northern and Western India markets. Besides establishing in the other parts of the country, the company has gone into exports also.

The factory is situated on 85 KM stone from Delhi,on the Delhi-Jaipur highway on a freehold plot of 15 acres,with an excellent residential accommodation for its few employees in a very cosmopolitan atmosphere. The closest township is Rewari, which is 7 Kms. from the factory with excellent facilities of schooling, shopping,housing etc.

We need the following senior personnel for our expansion programme:—

GENERAL MANAGER (WORKS)

Salary Rs. 1 Lakh + Per Annum

The candidate should be in the age group of 45-50 years having a Post-Graduate Degree in Engineering with a minimum experience of 10 years preferably in the Ceramic Tile industry. He should be fully conversant with labour laws and able to handle a work force of over 200 people. For this position a beautiful airconditioned bungalow with all modern amenities will be provided in the factory premises.

CERAMISTS

The candidate should be a Graduate in Ceramic Engineering preferably from the Tile industry and should be in the age group of 35-45 years with a minimum experience of 5-10 years in Ceramic/allied industry.

For this position an accommodation at factory or Rewari will be provided alongwith conveyance facilities.

In addition to remuneration the company offers attractive perks and an excellent atmosphere for professional growth and development.

Please apply in strict confidence with detailed bio-data and a recent passport size photograph, within 10 days to:

The Managing Director,
Anant Raj Clay Products Ltd.
H-65, Connaught Circus, New Delhi-110 001.

ULTIMATE

TRISTAR
BOYDEN

Tristar Boyden is the most quality oriented and fastest growing Executive Search Consultancy in India. Part of the global network of Boyden World Corporation, New York. The search firm most respected for their professionalism.

Our client is one of India's fastest growing agro-chemical companies belonging to a dynamic well-diversified industrial group. Turnover is expected to touch the Rs.100 crore mark within the next two to three years.

The company has an outstanding product mix and is committed to a strong research base. To accelerate and maintain its growth rate, a sophisticated R & D division is being initiated. The company is therefore looking for an outstanding individual to take charge as:

GENERAL MANAGER - R&D
North India

The ideal candidate should possess a Doctorate in Organic Chemistry from a reputed Indian/Foreign University and around 10/12 years experience at a senior management level. He should be a creative, goal oriented professional, capable of providing leadership and direction on research projects to his team of scientists. The position reports to the Managing Director.

The major responsibility area will be the development of commercially viable processes for manufacture of pesticides and chemical intermediates. Hence experience in technology evaluation and the capacity to absorb and upgrade process packages from overseas associates will be called for.

This position will appeal to a person seeking an ambience of independence, exciting opportunities and challenge. The company offers excellent work environment.

The compensation package ranks amongst the most attractive in the industry and is entirely negotiable.

Mail your bio-data with a photograph and contact numbers within 10 days to:

Gulab Mirchandani - President
TRISTAR CONSULTANTS
(Leaders in Senior Executive Search)
IN AFFILIATION WITH BOYDEN WORLD CORPORATION, NEW YORK
616, Maker Chambers V, Nariman Point, Bombay 400 021. Tels.: 233905, 240377
Ahmedabad/Bangalore/Baroda/Calcutta/New Delhi/Madras/Pune.

TC/ 077/90

ABC's major specialisations include Corporate Consultancy • SWOT Analysis • MIS

G M-COMMERCIAL

Marketing, General Accounting & Indirect Taxation

South India

Excellent Terms

Our client is a professionally managed Industrial Group of longstanding repute with interests in Engineering and Construction products having a turnover of over Rs. 100 crores. The Group companies have an excellent track record and profitability with sizeable surpluses at their disposal. For strengthening the top management team, they are on the lookout for a high calibre professional with a **strong marketing and commercial background.**

The incumbent will report to the Director and will have total accountability for sales, distribution, marketing, finance, accounting, commercial taxes and administration.

Candidates should have PG qualification in Marketing/Business Management/ Chartered Accountancy with rich experience at senior levels in marketing of products through widely spread dealer network and direct sales. Indepth exposure to general accounting, indirect taxation and other commercial aspects is a pre-requisite. Excellent man management skills, strong business sense and administrative capabilities are a must. Knowledge of Tamil desirable. Age Group: 40-45.

Excellent career prospects for reaching top levels in the organisation exist for achievement oriented persons with strong commitment and multi-functional capabilities. The position carries an attractive compensation package and liberal perquisites.

Apply within ten days with detailed bio-data marking envelope and application with job title & code: GMC/MDS/13 to M Madhusudan, Director or contact over phone at office 470778/residence 454841. ALL APPLICATIONS WILL BE TREATED IN STRICT CONFIDENCE.

ABC CONSULTANTS PRIVATE LIMITED

4, Khader Nawaz Khan Road, Madras-600 006. Tel: 470778

Operations Research • Industrial Engineering • Software Packages • Computer Feasibility

Data Processing • Materials Management • Organised Cost Reduction

Insurance Consultancy • Systems & Procedures • Project Reports • Socio-Economic Studies

A highly professional & progressive company, pioneer & market leader in its field, holding a 60% market share in its product line — a high tech equipment manufactured with foreign collaborations at 2 factories in North India & sold on an all India basis, presently a medium sized company targeting itself towards a Rs. 100 crores turnover & employing over 1000 people, is further diversifying its activity into Hi Tech electronic products. High growth has created the following new positions in the organisation's structure, based at *DELHI*

GENERAL MANAGER

MATERIALS

Age 35 + **Delhi**

B.Tech & an MBA, with atleast 15 years work experience in the materials function, of which a significant portion should have been at a senior level in organisations having assembly line mode of mass manufacturing.

Must be able to take complete responsibility for vendor sourcing (both in India & abroad) for electronic & mechanical components, Imports, MIS & inventory control with assistance from a team of Managers & Executives.

DY. GENERAL MANAGER

FINANCE

Age 35 + **Delhi**

A CA/MBA (Finance) with 12-15 years post-qualification experience in industry, some of which should have been at the H.O. of a manufacturing company of repute.

Experience of having dealt with Banks & Institutions for procurement of funds, handling of company law matters including public issue, foreign currencies etc. is necessary.

TERMS NEGOTIABLE AND COMPARABLE WITH THE BEST IN THE MARKET INCLUSIVE OF COMPANY HOUSE + CAR + LIBERAL ANNUAL PERQUISITES.

Write in strict confidence stating position applied for & quoting: E-183/90

405, Saraswati House
27, Nehru Place, New Delhi-110 019. Tel.: 6413373

Personnel network.

Shilputsi

Shilputsi Consultants have been retained to recruit the following senior personnel. Our client is a specialised finance company promoted by leading financial institutions and business organisations and has acquired a unique position in housing finance in the country. The company is poised to expand its operations and requires result oriented senior managerial personnel.

GENERAL MANAGER

The Job: The position involves responsibility for leading a team of young professionals and giving a forward thrust for achieving company's goals and its growth. The person will be required to travel frequently and will have an opportunity for training exposure abroad.

Qualifications: A qualified C.A./M.B.A. (Finance) with at least 10 years experience in rural lending, raising resources, banking and general administration.

Age: Around 40 years.

Remuneration: Attractive package including accommodation and car.

MANAGER – FINANCE

The Job: The Manager Finance will be responsible for independently handling finance, funds management, M.I.S., budgeting, corporate planning, computerised accounting systems and dealing with financial institutions.

Qualifications: A qualified C.A. with 7 years experience in a similar position.

Age: 30 – 40 years.

Remuneration: Rs. 75000 per annum plus perks.

MANAGER – INTERNAL AUDIT

The Job: He will be responsible for internal audit, developing systems, appropriate controls and coordinating with statutory auditors.

Qualifications: A qualified C.A. with 7 years experience in a similar position.

Age: 30 – 40 years.

Remuneration: Rs. 75000 per annum plus perks.

All the above positions are based at Ahmedabad and will be reporting to the Managing Director.

Please write in strict confidence to:

The Director, Gujarat
SHILPUTSI CONSULTANTS,
12, Ajanta Park,
Navrangpura,
Ahmedabad-380 009.

GOLDEN OPPORTUNITY

FOR

TALENTED STEEL FOUNDRY TECHNOLOGISTS

CIMMCO LTD. (STEEL FOUNDRY DIVISION) BIRLANAGAR — GWALIOR (M.P.)
invites applications for the following posts in the R&D Cell being established for the express purpose of enhancing technological status, achieving on going product-mix regeneration and implementing continuous process improvements for marketing quality products in a highly competitive environment.

GENERAL MANAGER (R&D) —

An experienced, dedicated, self-motivated technologist in the age group 40-45 with excellent academic credentials, Ph.D./M.Tech. (Metallurgy) with specialisation in Steel Foundry Technology and a proven track record of innovation and development of sophisticated Steel Castings for critical applications. Awareness and contact with latest developments in the field and of measures to be taken to meet current competition — both domestic and international — would be essential. He should also be able to lead and guide a team of professionals from his own dept. and the shop floor in the achievement of the challenging objectives in the shortest possible time and at economical cost. He would report to Vice President.

MANAGER (R&D):

M.E./M.Tech.(Met.) with Steel Foundry specialisation and minimum 10-12 years experience in methods/production of variety of Steel Castings. Excellent track record of practical achievement of casting development in co-ordination with shop floor personnel, and indepth knowledge of his subject, tenacity of purpose and resourcefulness are essential. He would report to the General Manager (R&D).

ASSISTANT MANAGER (R&D) — (Two Posts):

M.E./M.Tech.(Met.) with Steel Foundry specialisation and minimum 4-6 years experience in the R&D/production side of a reputed Steel Foundry. Willingness to work hard, perseverance, studious habits to avail of benefit of past work done in India/abroad in related fields from scrutiny of technical literature etc. essential. These Two Assistant Managers would report to Manager (R&D).

Salaries and perquisites for all the above posts would be commensurate with qualification and experience and would not pose any problem for really deserving candidates.

Apply within 15 days with full bio-data, passport size photograph, record of practical achievements, present and expected emoluments etc. to —

Chief Executive President
CIMMCO LTD. (Steel Foundry Division)
Birlanagar, Gwalior (M.P.) Pin-474 004.

SOUTH INDIA VISCOSE

is a multi business company with multi location operations. We are expanding and diversifying into new areas involving substantial investments. We provide congenial working environment with opportunities for professional growth.

We require

GENERAL MANAGER

(FORESTRY & AGRO PRODUCTS)

Location : Coimbatore

The incumbent would supervise Forest Operations Management, liaise with the Government and Semi-Government agencies, develop agro-forestry which would include R&D, Nursery and Extension Services and overall supervision of commercial crops.

The Candidate must have a **Doctorate or Masters in Forestry**. 15-20 years of experience is necessary of which 3 years should have been in a senior position.

Preferred Age : 45-50

TRAINING MANAGER

Location : Near Coimbatore

The job involves ascertaining training needs, both for technical and non-technical personnel, designing and conducting programmes with internal and external supports and follow-up. Recruitment of Apprentices/Trainees and other cadres in the bargainable group is part of the function.

The incumbent would normally be a **Chemical Engineer** with 10-15 years of relevant experience, preferably in a process industry. Qualification in Business Management would be an added advantage.

Preferred Age : 40-45

We offer a good remuneration package.

Please apply within 10 days enclosing a detailed bio-data superscribing the position applied for on the envelope :

The General Manager - HRD Personnel
South India Viscose Limited
1977-A Trichy Road
Singanallur Post
Coimbatore 641 005

CIMMCO LIMITED

CIMMCO LIMITED, a Birla Group Company, is setting up a 100% Export Oriented Spinning Unit for manufacturing Quality Cotton Yarn at SOLAPUR in Maharashtra, employing state of the Art Technology with Plant and Equipment from leaders in Textile Machinery from Switzerland, West Germany and India. For this project we need dynamic professionals for the following positions :

I. GENERAL MANAGER (COMMERCIAL)

Qualification : Chartered Accountant

Experience : 8-10 years experience in a similar industry. He shall be responsible for preparation of Project reports, arrangement of funds, liaison with financial institutions, budgeting, accounting, cash flow analysis, etc. As an incharge of purchasing & commercial activities he will play a significant role in the formulation of financial and purchase policies right from the inception.

II. SPINNING MANAGER

Qualification : B.TECH. (TEXTILES)

Experience : 8-10 years in production and Quality Assurance in a similar industry. He shall initially be responsible for project planning and execution, and later for production planning, quality-assurance and maximisation of production with optimum efficiency.

III. CHIEF ENGINEER

Qualification : B.E. (MECHANICAL/ELECTRICAL)

Experience : 10-12 years experience in a similar industry. He shall head the Engineering Department and shall be responsible for planning, organising,installation and maintenance of plants, machineries and buildings.

IV. PERSONNEL MANAGER

Qualification : B.A., LLB, preferably with Diploma in Personnel Management & Industrial relations.

Experience : 6-8 years preferably in a similar industry. He shall be responsible for manpower planning, recruitment and selection, training and development, wage and salary administration, industrial relations, security and general administration.

V. DEPUTY MANAGER (CIVIL ENGINEERING)

Qualification : B.E. (CIVIL)

Experience : 5-6 years experience in construction of Industrial Buildings.

Remuneration package for all the above positions will be based on qualifications and experience and will not be a limiting factor for the right candidates. Those interested may apply in confidence within 10 days with detailed curriculum vitae, present assignment, salary drawn and salary expected to :

CHIEF MANAGER (HRD)
CIMMCO LIMITED
28-A, KASTURBA GANDHI MARG,
NEW DELHI-110 001.

PRESSMAN

Consumer Education and Research Centre Ahmedabad offers a Cause and not a Job

DIRECTOR — Consumer Product Testing Laboratory

CERC is endeavouring to promote and protect consumer interest through education, research, effective uses of media and law. It also covers public education of Members of Legislative Assemblies and Parliament, Advocacy before Administrators and Public Interest Litigation. CERC has an excellent record of growth. It began with Rs.250/- as corpus as Public Charitable Trust. Its annual expenditure now is Rs.20 lacs.

CERC is embarking upon a massive expansion for setting up a Consumer Product Testing Laboratory with the financial grants from IDBI, ICICI and IFCI. They have kindly agreed to provide Rs.74 lacs by way of capital grant and Rs.18 lacs per year as revenue grant for next five years. CERC will create an endowment of adequate amount during the period of five years to ensure uninterrupted and smooth running of laboratory from its interest income.

Gujarat Institute of Chemical Technology has in principle agreed to provide us the user of 10,000 sq.yds. of land on the close outskirts of Ahmedabad.

Initially the laboratory will carry out comparative testing, ranking and evaluation of a few consumer products viz. food, pharmaceuticals and domestic electrical appliances. Shall get the data published in the magazine periodically. It will enable consumers to make informed choices out of available alternative. It shall also lead to action against unsafe products and claims unsubstantiated by tests.

It is expected that Laboratory will start functioning from 1st July 1990. Services are therefore needed without much loss of time since there is a large amount of preparatory work as spelled out hereinbefore.

Initial arrangement can be worked out to mutual convenience for those who cannot immediately join on full time basis.

The Job: This is a pioneering job and Director will be involved in setting up the Laboratory through his involvement in building design, organisation structure, recruitment, equipment selection, policies and systems. He will be responsible for implementation, planning and budget, building an effective team and supervising the administration.

Qualification: The person shall have at least a Master's Degree in Chemistry or Engineering with about 20 years' experience in a pharmaceutical, food or appliance testing laboratory. He must be familiar with testing procedures, experimental design and modern technologies and equipment for testing. He should have the ability to build and lead teams and above all a commitment to serve a public cause.

Age: Age is no bar and even retired persons may approach.

Remuneration: Commensurates with qualifications and experience, but will be subject to maximum of Rs.80,000/- per annum plus free accommodation for outstation person.

Please write within 10 days to:

Mr. Tarun Sheth, Trustee, CERC
C/o Shilputsi Consultants
P.B. No. 9386
Bombay 400 025.

VIDEOCON

mps have been retained by **VIDEOCON INTERNATIONAL LIMITED** to recruit senior Materials Personnel for their integrated TV manufacturing complex at **Aurangabad.**

AGM - MATERIALS AURANGABAD

The incumbent will be responsible for all purchasing and vendor development functions. He will be assisted by a team of senior and middle level managers and is required to ensure smooth and uninterrupted production, with due consideration to cost and inventory norms.

Aspiring candidates should be graduate engineers, around 40 and preferably with formal qualifications in materials management. They should possess 12/15 years of relevant experience of which at least 4/5 years should have been at a department head level. Exposure to computerised materials management operations is a **must.** Knowledge of JIT principles and practices will be a distinct advantage.

AGM - STORES AURANGABAD

This position will be responsible for all Stores/Despatch functions covering. Receiving/Component Stores, Warehousing, Finish Goods Despatch, Excise and related matters.

Applicants should be graduates, preferably engineers, around 40 years old with formal qualifications in materials management. They should have 12/15 years of working experience of which at least 4/5 years should have been as the head of the stores function in medium-sized engineering companies. Candidates should also have an upto-date grasp of various excise rules and procedures and should have had experience of representing their organisation before various excise authorities.

Compensation is designed to attract the best talent available and will be absolutely no bar for the right candidate.

Please send your applications, alongwith a recent photograph, and mentioning two, non-relative references to our consultant:

hemendra k. varma
management productivity systems
post box 9313
bombay 400 036.

Triveni

Offers Unique Opportunities

We are a fast growing, diversified, multi-unit, multi-product Group with a current turnover of **over** Rs. 200 Crores. We are leaders in the sectors of Steam, Gas and Mini-Hydro Turbines, Sugar Plant and Machinery, Oil & Gas Equipment and Services, Coal, Mineral beneficiation, Effluent Treatment and Pollution Control Systems. The Group is embarked on a major expansion and diversification programme of over Rs. 100 crores for which we are strenthening our CORPORATE Organisation at Delhi.

DEPUTY GENERAL MANAGER/GENERAL MANAGER (PROJECTS)

REF: 32-1/90

He will be responsible for putting up a large Molasses based Chemical Plant at Khatauli near Muzaffar nagar (UP). His responsibilities will include obtaining necessary Government approvals arranging technology and financing Project Engineering and execution of the project within the time schedule and cost estimates. He will be based at Delhi and will directly report to the Managing Director. The incumbent will be a Chemical Engineer with minimum 15 years experience. He would have handled execution of large Chemical Plants. Candidates having experience of installation and operation of Molasses based Chemical Plants will be perferred.

DEPUTY MANAGER/MANAGER (CORPORATE PLANNING)

REF: 32-2/90

He will be responsible for assisting General Manager (Planning and Co-ordination) in planning and monitoring operations of our Sugar Mill and Sugar Plant and Machinery Divisions, where turnovers are expected to double in the next few years. The incumbent will be a Mechanical/Sugar Engineer or Sugar Technologist (ANSI) with minimum 7 years experience. Persons having experience of organising modernisation/expansion or installation of new Sugar Factories will be preferred. He will be a dynamic person with effective communication and inter-personal skill, strong co-ordination, liaison and planning skills are essential.

EXECUTIVE ASSISTANT TO MANAGING DIRECTOR.

REF: 32-3/90

He will be responsible for assisting the Managing Director and providing staff support to him within the organisation and with professional associations such as the Confederation of Engineering Industries. He will be a Graduate Engineer with post-graduate qualifications in Management. He will be a bright, young person with excellent academic record. He should have effective interpersonal skills and should be able to independently interact with senior level persons within the Company and outside. Compensation package will be comparable with the best in the Industry and will not be a constraint for the right candidates. Please apply with details of qualifications, experience, gross salary drawn expected etc. in CONFIDENCE quoting Reference Number of post applied for within 10 days to:

RAMESH C SANGHI
VICE-PRESIDENT (HR)
THE TRIVENI ENGINEERING WORKS LIMITED
'Kailash'' (2nd floor)
26 Kasturba Gandhi Marg
New Delhi 1100 01

Blue Bird

VIDEOCON

COIL WINDING INTERNATIONAL

ARE YOU A REGULAR READER OF ABOVE MAGAZINE FOR LAST 10 YEARS ?

HAVE YOU BUILT UP YOUR CAREER BY DEDICATING YOURSELF TO **HI-TECH COIL WINDING,** ENAMELLED WIRE, BOBBINS, INSULATION TAPES, VARNISHES AND MAGNETIC CORES ALL THESE YEARS?

ARE YOU EMPLOYED IN A REPUTED SET UP PRODUCING ITEMS LIKE AUTO ELECTRICALS, RELAYS/CONTACTORS, TRANSFORMERS FOR TELEVISION INDUSTRY SUCH AS FBT/EHT (FLY BACK TRANSFORMER), DY (DEFLECTION YOKE) ?

DO YOU FEEL PREPARED FOR A CHANGE NOW ?

WE ARE LOOKING FOR **A DY. GENERAL MANAGER FOR OUR FBT PROJECT.**

FEEL INTERESTED ?

NO ! DON'T SEND US YOUR RESUME, NOW ! WE SHALL SEND YOU MORE INFORMATION & DETAILS ABOUT OUR REQUIREMENT FIRST.

JUST SEND YOUR CARD AND CONTACT ADDRESS TO OUR CONSULTANT:

hemendra k. varma
management productivity systems
post box 9313
bombay 400 036.

PHi

PIONEER®

PLANT MANAGER

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Over Rs. 1 Lac per annum (gross)
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PHI Biogene Limited is an affiliate of Pioneer, USA.

Pioneer is an international leader in the genetic supply industry for agriculture. The group's research stations are spread across the globe in countries including Argentina, Australia, Austria, Brazil, Canada, Egypt, France, Hungary, Italy, Ivory Coast, Jamaica, Japan, Mexico, New Zealand, Philippines, Romania, Spain, Sudan, Thailand, USA, USSR, Venezuela, West Germany and Zimbabwe.

Pioneer develops hybrids of corn, grain sorghum (jowar), sorghum sudangrass, pearl millet (bajra), sunflower, mustard, rice and vegetables. We have several marketing offices and research stations in India—our Corporate Office is based in New Delhi. We manage in a participative style that respects decentralization.

We are looking for an innovative person to take hands-on responsibility of our imported state-of-the-art seed conditioning plant in Hyderabad. The plant has a capacity of 10 mt/day. The person we are looking for will be in his mid/late thirties with a B.Tech, preferably in agricultural engineering, from a leading institution. Experience in agri processing is highly desirable.

Applicants are requested to send their resumés/photographs, with the post applied for marked on the envelope, within ten days to :

President
PHI Biogene Limited
338, Somdatt Chambers-II,
9, Bhikaiji Cama Place,
New Delhi-110 066.

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Anthem/PHI/841

Crompton Greaves

Crompton Greaves
LIMITED

A CAREER OPPORTUNITY
for
A LEGAL MANAGER
at Bombay
(Reporting to the Company Secretary)

Our Annual Sales Turnover of over Rs.500 crores, manpower strength of 9300 and manufacturing and trading business of electricals, electronics, computers and communications are backed by an emphasis on performance improvement and employee development.

JOB RESPONSIBILITIES :

Assisting Profit Centres and New Projects of the Company in legal matters and compliance of Economic and Commercial legislation.

PERSON REQUIRED :

Graduate in Law, preferably with Solicitors qualifications, around 35 to 40 years of age and 15 - 20 years relevant experience in Industry/firm of Solicitors.

SKILLS AND CAPABILITIES :

Experience in independent handling of legal matters, including Property, Company Law, MRTP, FERA, Excise, Trade Marks and drafting of all commercial agreements. Effective liaison with Line Managers, Government and Legal Bodies.

The position will be in the Senior Management Cadre and will carry an attractive salary and perquisite package and retirement benefits.

Are you looking for a challenge and do you have the strengths for the job?

Please apply within 10 days, superscribing the envelope with the Code : "CS-LM" to :

The General Manager (HRD)
Crompton Greaves Limited
1, Dr. VB Gandhi Marg, Bombay 400 023.

The Thapar Group

PRESSMAN

TVS SUZUKI

requires

Manager Market Research

TVS SUZUKI LIMITED, a part of the renowned house of TVS, in collaboration with the world famous SUZUKI MOTOR COMPANY, JAPAN, manufacture popular brands of TVS Suzuki motorcycles, TVS 50 mopeds, and TVS Champ at their factory in Hosur, Tamil Nadu.

We are looking for a bright and competent professional to head the Market Research team.

As Manager-Market Research, you will be responsible for both market research functions and marketing information systems. You will design and conduct research to solve problems in every facet of two wheeler marketing through in-house research teams, as well as external research agencies.

You will also be involved in strategic activity related to new products, pricing, advertising, brand positioning and long term marketing plans.

Applicants must be either MBAs from IIMs, XLRI or graduates with a specialisation in marketing and with a flair for quantitative techniques. A minimum of 5 to 7 years relevant experience in a consumer industry or a research agency is essential.

The Company offers excellent growth opportunities and an attractive compensation package, commensurate with qualifications and experience.

Please write within ten days, along with your detailed résumé and a recent passport size photograph, with the post applied for superscribed on the envelope.

TVS SUZUKI

Deputy General Manager (Personnel)

TVS-SUZUKI LIMITED

Post Box No. 4, Harita, Hosur 635 109 (Tamil Nadu)

TVS-[illegible]

Our client is a leading company in the field of speciality chemicals with ambitious expansion plans. The company's product range offers very promising market potential and consists of products sold directly to industrial customers as well as those sold to customers through a network of dealers.

GROUP PRODUCT MANAGERS

– Industry Sales
– Dealer Sales

Bombay MS/5527

The incumbent will be responsible for the product management function including the development and implementation of marketing strategies and plans, new product development and launch and increase in market shares of existing products.

The candidates must be MBAs with about 6 – 8 years experience in product management function with reputable companies in the fields of consumer products (in case of the position for dealer sales) and paints/chemicals (in case of industrial sales). The candidates for the position of industrial sales should preferably have an engineering background. A dynamic personality, excellent communication skills and strong techno-commercial orientation are essential prerequisites for the job. Preferred age: 28 – 32 years.

Career prospects are excellent. Remuneration is attractive and will not be a constraint for the right candidate.

Please apply in strict confidence, within 10 days to:

A.F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked with the relevant MS reference number. Candidates not contacted within three months of application, may assume that they are not being considered.

OVERSEAS APPOINTMENT

the concept *have been retained by a well established Multinational group of Indian origin with interest in Trading, Shipping, Manufacturing and Marketing and having operations in Far East, Africa and Europe, to recommend to them a Marketing professional for a range of Consumer Durables and other Consumer Products.*

MARKETING MANAGER

Consumer Durables & other Consumer Products

Nigeria

The Product Range: The company markets a wide range of Consumer Durables and other Products such as Consumer Electronics - Audio, Video and T.V., Airconditioners and Refrigerators. A range of other general consumer products are also marketed.

The Job: The Marketing Manger will assist in the marketing operations of the company; the assignment would call upon special strengths in the area to assist in formulating and implementing the company's marketing strategies, building an indigenous professional marketing team. He will need to review and strengthen the distribution network and most important of all help to sustain a strong marketing organization which will enable the company to achieve its objectives in Nigeria. He would also assist in the other functions like marketing/sales planning, budgeting, distribution, advertising and sales promotion, market research & market intelligence.

This is a key function as the company is in a highly competitive market, in Nigeria.

The Candidate: The candidate should be an MBA from a premium institute, preferably with an Engineering background and with at least 5 years of experience in Marketing of Consumer durables/consumer products of which later 2 years' period should have been at the level of Marketing Manager/Regional Manager/Branch Manager with a company of standing in consumer durables/consumer products preferably a company with a Multi-Product environment.

Exposure to Accounting, Finance, stores/inventory management, service after sales, is desirable and would further add to his credentials. Preferred age is around 30 years.

He must be an achiever having a proven ability to perform.

The Emoluments & Perquisites: In addition to salary there will be very liberal perquisites such as furnished accommodation with amenities to lead a comfortable life for self and the family including Company maintained car, Club Membership and Medical.

The incumbent will be entitled to six weeks leave pay for every year of service with to and fro airfare for self and the family. He will also be entitled to receive an Annual performance Bonus and Gratuity as per rules of the Company.

The Savings Potential: The package will offer external savings to the tune of approx. Rs. 1.75 lacs per annum.

The Environment: The company offers a unique environment of freedom of work and responsibility within a young and professional team. Deserving candidate can look forward to a rewarding career path which is performance based and not time based.

All applications will be treated in strict confidence. Please write within 7 days along with contact telephone numbers to:

CHANDER BATHEJA
Chief Executive

THE CONCEPT
Counsel of Management Services
67, White Hall, (Next to Hotel Shalimar at Cumballa Hill),
143, August Kranti Marg, Bombay 400 036.
Phone Nos: 8224422, 8224423 and 8118319. Telex: 011-75182, Fax: 8556699, Grams: CONCEPTO.

C/078/90

Bell Ceramics Ltd.

Bell Ceramics Limited is engaged in the manufacture of ceramic floor and wall tiles. In a short span of time, the Company has emerged as leader with a range of exclusive and designer tiles.

The Company has already penetrated the export market successfully. To market its range of tiles in the international market, the Company requires an export professional who can independently manage and operate the division as a profit centre.

EXPORT MANAGER—Bombay

The ideal candidate should be 35-40 years of age with a minimum of 6-8 years of experience in international marketing. The candidate should be a graduate with a post-graduate qualification from IIFT. The candidate should have a commercial background with excellent communication skills and be widely travelled.

The candidate should have a thorough knowledge of all government procedures. Job responsibilities include setting up the export department, planning and executing the entry into various foreign markets.

The Company offers an attractive remuneration package. Interested candidates may apply within 10 days with a complete resume to:

The Personnel Manager,

Bell Ceramics Ltd.
12, Raheja Centre, 214, Nariman Point,
Bombay 400 021.

Bell. Always the ring of quality.

Asea Brown Boveri

Asea Brown Boveri is the largest Electrical Engineering group in the world.

Asea Brown Boveri Limited, with its Corporate Headquarters at Bangalore has a turnover of over Rs.2,000 million with 8 manufacturing plants, R & D centres and 13 marketing offices countrywide. And an employee strength of over 4,000.

Key areas of activity include: power generation, transmission, distribution and utilisation, metallurgy and process automation, industrial drives, transportation and telecommunication.

Be a part of the ABB excellence, worldwide.

Personnel Manager
– Bombay Operations

The candidate should be a post graduate from TISS, XLRI or an MBA. A degree in law will be an advantage.

The job involves handling the total personnel functions i.e., human resources development, recruitment, employee relations, union negotiations, personnel administration as well as general administrative services for the Company's factories and offices in Bombay.

The incumbent must have a proven track record of independently handling personnel/industrial relations functions for a factory and must have 12-15 years experience of which atleast 5 years should have been at a senior level. Those owning a house in Bombay will be preferred.

The position is in the senior management cadre of the Company.

Remuneration and perks will be at par with the best in the industry. Apply with complete biodata within 7 days to: Manager-HRD,
Asea Brown Boveri Limited,
Sona Towers, 71, Miller Road,
Bangalore 560 052.

ABB
ASEA BROWN BOVERI

SPEER/11/285/90

DLF UNIVERSAL LIMITED

DLF UNIVERSAL LIMITED, a multi-faceted organisation engaged in diverse spectrum of activities related to integrated URBAN PLANNING and TOWNSHIP DEVELOPMENT with an excellent track record, are currently engaged in the development of the largest TOWNSHIP of its kind—DLF QUTAB ENCLAVE, near Delhi. They are looking for the following personnel for this TOWNSHIP.

CHIEF ADMINISTRATOR—TOWNSHIP

This is a Top Management position and the incumbent will be responsible for effective administration and general management of the complex, which would involve co-ordination of all activities pertaining to infrastructure such as Clubs, Medical Care, Education, Security, Transportation, Water, Electricity, Horticulture and other related functions necessary for the efficient running and maintenance of the Township. He will also be required to liaise and coordinate with the Government Departments/Offices at Gurgaon & Chandigarh in connection therewith.

Though not a must, it is desirable that candidates possess similar experience. Just retired/about to retire Senior Public/Private Sector/Defence Officers with exposure to running and maintenance of Townships/Colonies/Cantonments would also be considered.

The job requires high degree of initiative & confidence and the company is looking for mature manager having commercial acumen, excellent written & verbal communication skills, an out-going personality, drive, good track record & reputation to achieve results and get things done.

SR. MANAGER—ADMINISTRATION

The incumbent will be required to assist the Chief Administrator-Township in the above fields. Candidates should be in the age group 35-40 years with relevant experience.

EMOLUMENTS FOR THE ABOVE POSITIONS WILL BE ATTRACTIVE AND WILL NOT BE A CONSTRAINT FOR THE RIGHT CANDIDATES.

THE INCUMBENTS WOULD BE REQUIRED TO STAY AT DLF QUTAB ENCLAVE ITSELF, FOR WHICH THEY WILL BE PROVIDED SUITABLE ACCOMMODATION.

Please apply in strict confidence within 10 days giving full details of experience, marking the enclosures and envelope with Job title and code CAT/6 to :

omam Consultants Private Limited
14-D BASANT LOK, VASANT VIHAR, NEW DELHI-110 057 TEL : 670821/604587

VIDEOCON

mps have been retained by **VIDEOCON INTERNATIONAL LIMITED** to recruit senior Materials Personnel for their integrated TV manufacturing complex at **Aurangabad.**

SENIOR MANAGER – PURCHASE AURANGABAD

This position will be responsible for all procurement activities. Aspiring candidates should be engineers or graduates with professional qualifications in materials/purchase management, 35/40 years old and having 10/12 years of experience in the procurement of electronic components and associated items & sub-assemblies of which, at least 2/3 years should have been at a comparable level. Intimate and first-hand knowledge of computerised purchase management systems would be a distinct advantage.

MANAGER – PURCHASE SYSTEMS AURANGABAD

The job is going to involve purchasing research activity and the incumbent would be required to develop and install appropriate manual and computerised management information systems as well as purchasing practices and systems so as to secure proper co-ordination with manufacturing for obtaining uninterrupted production as also meeting with various audit requirements and remaining within laid-down cost and inventory norms. He will also be required to continously monitor price movements and give timely advice to buyers based on such information to enable them take decisions on timing of their purchase actions.

Applicants should be engineers, around 35 years old with 8/10 years of relevant and intensive working experience in purchasing and MIS design and development.. Exposure to computerised MIS environment is a **must,** though programming or formal system design knowledge is not required.

Compensation is designed to attract the best talent available and will be absolutely no bar for the right candidate.

Please send your applications, alongwith a recent photograph, and mentioning two, non-relative references to our consultant:

hemendra k. varma
management productivity systems
post box 9313
bombay 400 036.

MANAGERIAL OPPORTUNITIES

LEADERSHIP
BUILT ON TRUST

At HCL, growth is a never ending process. So is our search for good **Managerial Talent.** HCL, with its present sales at Rs. 250 Crores is projected to grow to Rs. 350 Crores next year. Our current growth plans have created the following **36 Managerial Opportunities** for talented professionals in all product divisions.

SALES — 12

You will be responsible for design and implementation of innovative sales strategies to achieve superior performance standards in terms of Sales, Customer satisfaction and Territory development.

With each Division operating under a Profit Centre Concept, you will be expected to attain divisional objectives by guiding and leading a team of sales professionals.

You should be an Engineer/MBA with 5 years experience in Marketing/Direct Industrial Selling, with at least 1-2 years experience of man management. Exposure to Professional Electronics, Office Automation Industry will be given added weightage.

SYSTEMS — 6

a) **Systems Stream**

You will be responsible for leading a group of systems professionals in providing excellent pre-sales marketing support and post sales customer support including software project management.

You should be at least a graduate with 6-8 years of experience and have acquired considerable exposure with a Computer manufacturer/Consultancy firm/large software house or user organisation. You should have worked in Micro and Mini environment, kept track of latest developments in the software field internationally and have the competence to interface with the external and internal environments.

b) **Application Stream**

For CAD/CAM segment, we require specialists who should be engineers with at least 2 years of working knowledge in CAD/CAM application software in the areas of Mechanical CAD, Structural engineering, Architecture, Ship building, Mining and Electronics design automation.

Candidates having actual design experience of 2-4 years in any of the above areas will be considered for suitable positions and would be provided training in India and abroad.

CUSTOMER ENGINEERING — 12

You will be responsible for post installation activities, customer care, corrective/preventive maintenance and spares inventory management. Ensuring high uptime targets and maximising customer satisfaction through a team of customer engineering professionals will be your key performance area.

You should be a Degree/Diploma holder in Electronics/ Electrical Engineering with 6-8 years of previous experience in maintenance management, preferably in the servicing of Microprocessor based equipment.

COMMERCIAL — 6

You will be responsible for processing of orders booked by Sales for technical acceptance, interfacing with manufacturing for order execution, site design and supervision of site preparation, installation of systems, collections and monitoring Annual Maintenance Contracts of your region.

You will be assisted by a technical and commercial team to achieve pre-set targets.

You should be a graduate with around 8 years experience in handling commercial aspects, preferably in the Engineering Industry.

Candidates with lesser experience will also be considered for other suitable positions.

Managerial opportunities exist nationally in all product divisions of HCL. All positions carry an **attractive pay and benefit package.** In addition, the Company offers attractive **Managerial Incentives.** Compensation would not be a constraint for deserving talents.

Interested professionals may please mail their resume indicating locational preference and the function applied for, to:

Inderjit Walia, HCL Limited, Corporate — HRD, Vishal Bhavan, 7th Floor, 95 Nehru Place, New Delhi-110 019. If you wish to talk to us for further details, please ring us at 6444302 (New Delhi).

HCL
LIMITED

Arms Bozell

STERLITE

STERLITE INDUSTRIES (INDIA) LIMITED

Sterlite Industries is a multi-product company with targeted sales of around Rs. 200 crores for 1991-92. We have developed technology for manufacture of CC Copper Rods in our Continuous Rolling plant, with technical assistance of M/s La Farga, Spain and Continuus Spa, Italy.

We need a dynamic senior professional to take responsibility as

VICE PRESIDENT
(Marketing & Raw Material Purchase)

The ideal candidate would be a Graduate Engineer (preferably Metallurgical) with an MBA degree from a reputed management institute, and in the age group of 35-45 years. His responsibilities include:

* Formulation of strategies and plans for sales of CC Copper Rods to actual users and through dealers/agents. Projected sales are estimated at Rs. 100 crores.
* Establishing policy guidelines for procurement of raw materials and to develop suitable vendors accordingly.
* Actual procurement of raw materials i.e. scrap/cathodes through local industry, trade and imports.

Experience of 8-10 years in marketing of similar raw materials and knowledge of import, customs, excise and sales tax procedures is essential.

The Company offers an attractive remuneration package commensurate with industry standards. This, however, will not be a constraint for the right candidate.

The position is for the Bombay Corporate Office.

Please apply in confidence within 10 days, directly, to: The Managing Director, Sterlite Industries (I) Ltd., 92, Maker Chambers III, Nariman Point, Bombay 400 021.

CLEA

MYSORE LAMPS

requires

GENERAL MANAGER - MATERIALS

at Bangalore

Candidates should have a Master's degree in Physical Science with an MBA or post-graduation in Materials Management.

The candidate should be in the age group of around 45 years and must have a minimum of 15 years' experience in different functions of a materials department in a light engineering industry.

Knowledge of Kannada is essential.

JOB REQUIREMENTS

The candidate should be conversant with materials management, planning and inventory control, stores, purchase, imports of raw materials, capital goods, sub-contracting, vendor development, etc, besides being conversant with customs, excise and sales tax formalities. He should also be conversant with computerised accounting systems.

GENERAL

The post is reserved for SC/STs. If no suitable SC/ST candidate is available, the post will be open to other candidates.

Emoluments will be commensurate with qualification and experience.

Please apply within 15 days with complete bio-data, affixing a passport-size photograph and superscribing the envelope with the post applied for, to:

THE CHAIRMAN & MANAGING DIRECTOR
THE MYSORE LAMP WORKS LIMITED.,
P.B. No. 5551, Malleswaram West,
Bangalore-560 055

Sobhagya/MLWL/6163

MYSORE Lamps
The leading light

SAYAJI INDUSTRIES LIMITED

Requires

ASST. COMPANY SECRETARY

Sayaji Industries Limited, a Public Limited Company, having two units viz. Maize Products and Tapioca Products, wishes to appoint an Asst. Company Secretary.

The incumbent should be qualified Chartered Accountant and Member of Institute of Company Secretaries of India having all round experience of around 4-5 years in Company Law affairs, secretarial matters, finance and accounting functions. He should also have competence to deal with Banks and Financial Institutions. He should be able to handle taxation, costing and operational accounting. Candidate having experience in working with computer software, will be preferred.

The position carries excellent remuneration and perks with bright prospects. Highly competent and efficient persons only need apply with complete bio-data within 10 days, marking the envelope with ACS to :

Managing Director

SAYAJI INDUSTRIES LIMITED

Regd. Office : P.O. Kathwada-Maize Products

Ahmedabad-382 430

SNCL

SN CORPORATION LTD

(Leading Manufacturers of Precision High Tensile Fasteners)

We are a growth oriented, professionally managed Precision Engineering Industry Looking for high performers to fill in the following vacancies :

GENERAL MANAGER
(Operations)

Persons having held senior level position in a High Tensile Fastener manufacturing industry having Mechanical Engineering background (Degree/Diploma) with minimum 10-15 years experience will be considered ideal. The applicant must possess technical expertise in the field of Cold-Forming Technology on Multi Station advanced Bolt and Nut Formers and proficient in Tool Design Development and processes involved in the manufacture of sophisticated Cold Forged Fasteners/Components for automobile industry.

GENERAL MANAGER
(Marketing)

The position calls for an outstanding result oriented Marketing Professional conversant with selling High Tensile Fasteners/Automotive components to O E M and Retail market. He should possess Degree/Diploma in Mechanical/Metallurgical Engineering having worked in a senior position in a large Fastener manufacturing/Auto ancillary industry. He should have ability to build and lead a team of Marketing/Sales personnel on an all India basis.

Experience required is 10-15 years in similar organisation.

GENERAL MANAGER
(Finance)

The incumbent for this position should be FCA/ACA having held senior position in a large engineering industry with thorough knowledge and experience in corporate finance planning, audit, budgeting, costing, etc. He should be able to handle the Financial Institutions and Banks as also be capable to generate short term and long term financial projections. Experience 10-15 years.

Age limit for all the above three positions are 35-45 years. The perquisites will include free unfurnished Company leased house, Conveyance Allowance, LTA, Medical reimbursements, etc.

Please apply within 15 days superscribing on the envelope the post applied for, in strict confidence to

The Managing Director,
SN Corporation Limited,
74 Forest Park, Bhubaneswar-751009
Orissa, Telephone : 405925, 407088.

Hemraj/SNCL/9C

INSILCO

Vam Organic Chemicals Ltd. and Degussa AG of West Germany, have jointly promoted INSILCO LIMITED to set up a Rs. 60 crore Precipitated Silica Project, for the first time in the country at Gajraula, District Moradabad (U.P.). For this project the Company requires :

GENERAL MANAGER (WORKS) GAJRAULA

The incumbent should be a Graduate Engineer in the age group of 40 to 45 years. He should have 15 to 20 years' experience in Project Commissioning and Plant Operations, of which, at least 5 years should have been in a Senior Management position in a Chemical Industry.

He would be responsible for coordination of all activities for timely execution of the project, and subsequently for Production, Commercial and Administrative functions at the Works.

The incumbent should possess the ability to lead and motivate a team of professionals and interact with foreign collaborators to achieve a high degree of efficiency.

The Company offers excellent opportunities for advancement and professional growth. The above position carries an attractive remuneration package, comparable with the best in the industry. Interested candidates may send their detailed resume giving full particulars, within 10 days, to :

Dr. J.P. Gupta, Managing Director,
INSILCO LIMITED.
Hemkunt Chambers, 3rd floor.
89, Nehru Place, New Delhi-110019.

INTERFACE 6858

FINE CHEMICAL MANUFACTURING COMPANY

The Company with foreign collaboration, is a market leader in its field, and sells directly to the end users through its own Branch office network in the major metros. It is part of a group having well diversified business interests. Its management ethos embodies a high degree of executive autonomy and thorough professionalism. The Company is presently on the look out for the following key-executives.

GENERAL MANAGER
(MARKETING)

Incumbent should have extensive experience of marketing of industrial products to the end-users through own sales force. Ability to lead and motivate the sales team, and to maintain long term relationship with key-buyers would be desired traits.
Age range: 37-42.

MANAGER
(MARKETING SERVICES)

Incumbent should be able to act as the 'Think-Tank' of the marketing group at the corporate office with complete responsibility for market analysis, planning, analysis of sales results and trends for the Zones/key accounts, monitoring of competitive activity, etc. Graduates with MBA from renowned institutes with minimum post qualification experience of around 5-7 years would be ideally suited.

Kindly apply with detail resume and a photograph to:

ACME BUSINESS COUNSELLORS PVT. LTD.
B-409, Brindavan Apartments, Red Hills,
Hyderabad-500 004.

MP Maize Products

Requires

MANAGER

(QUALITY CONTROL)

Maize Products, a Company with turnover of more than Rs.50 crores, is engaged in the manufacture of Starches, Speciality Starches, Glucose, Dextrose, Anhydrous Dextrose, Sorbitol High Fructose Corn Syrup etc.

The candidate should have a post graduate degree in Chemistry or Chemical Technology preferably Textiles, Food or Pharmaceutical with minimum 10 years experience and in the age group of 35-38 years. He should have thorough knowledge of methods of analysis and exposure to modern instruments for analysis like HPLC, Fosslet etc.

He should have a fairly good knowledge of good manufacturing practices and PFA Act. Fluency in English is a necessity. He will act as Liaison Officer between customers and the production departments of the Company.

The Company offers an attractive remuneration package commensurate with qualifications and experience.

Please apply in confidence within 10 days, marking the envelope (QCM) to :

Managing Director

Maize Products

(A Division of Sayaji Industries Ltd.)

P.O. Kathwada-Maize Products, Ahmedabad-382 430

INDAL

INDAL

a multi-product, multi-location, professionally managed Rs.500 crore turnover company, the pioneer in the aluminium industry in India

requires a

QUALITY CONTROL MANAGER

at its Corporate Office (Calcutta)

The incumbent will report to the Vice President—Technology and will be responsible for spreading Total Quality Management (TQM) throughout the Company. He will act as a trainer in TQM and will organise TQM Committees in the plants and offices, helping the committee members on TQM methods.

Applications are invited from candidates having a Degree in Engineering and preferably with Post Graduate qualification in Industrial Engineering. Experience of around 10 years in production/quality is essential, with familiarity of statistical process and quality control techniques and the requirements of the ISO—9000 series of Quality System standards.

Age should be around 40 years.

Salary will be commensurate with qualifications and experience. Perquisites include House Rent Allowance, Compensatory Allowance, Leave Travel Assistance, Superannuation Benefits etc.

Please apply (superscribing the envelope with the post) within 15 days stating age, qualification, experience, present and expected salary to :

Staff Manager
Indian Aluminium Company, Limited
1 Middleton Street Calcutta - 700 071

4081

A leading Hosiery Group—Binod Hosiery—with an annual turnover of over Rs.10 Crores and with a growing domestic and export market requires:

Marketing Manager

Someone who can open up new markets in India and abroad. Someone who can apply marketing techniques with consumate skill. A dynamic Marketing Manager with atleast 8/10 years in the marketing of consumer products. Have to interact with a national network of dealers and distributors, look into targets and territories, set marketing obejective, etc. Age should not exceed 35 years.

Production Manager

Must have 8/10 years experience in the production of Hosiery goods. Must be able to maintain optimum quality control standards and co-relate and interact with various small production units, and be able to look into and sort out individual unit problems.

Above positions offer attractive package and excellent growth prospects for deserving candidates. Please write in confidence within 15 days with complete Bio-data to:

Binod Hosiery
31 Shibtolla Street, Calcutta 700 007

DPS/BH-904

COSMO FERRITES LIMITED

We have recently established a most modern Soft Ferrites Plant under German collaboration. It is the largest Electronic Component factory in Himachal Pradesh and is located near Parwanoo. Known for its high quality products, Cosmo was awarded the prestigious ELCINA awards for export, R&D and indigenisation. It is a high technology processing plant demanding high degree of dedication and discipline. We offer good professional work environment, attractive remuneration and growth opportunities in view of its future expansion particularly in the international market.

PRODUCTION MANAGER
(Location : Parwanoo)

— An engineering graduate preferably in Ceramics or Powder Metallurgy. Should possess at least 7 - 10 years' Production Management experience in a process plant, out of which minimum 3 years as a Manager. Ability to control nearly 200 workmen and other related supervisory staff is essential. Experience in a Modern Ceramic/Ferrites Plant would be an advantage.

COMPANY SECRETARY-CUM-FINANCE MANAGER
(Location : H.O. Delhi)

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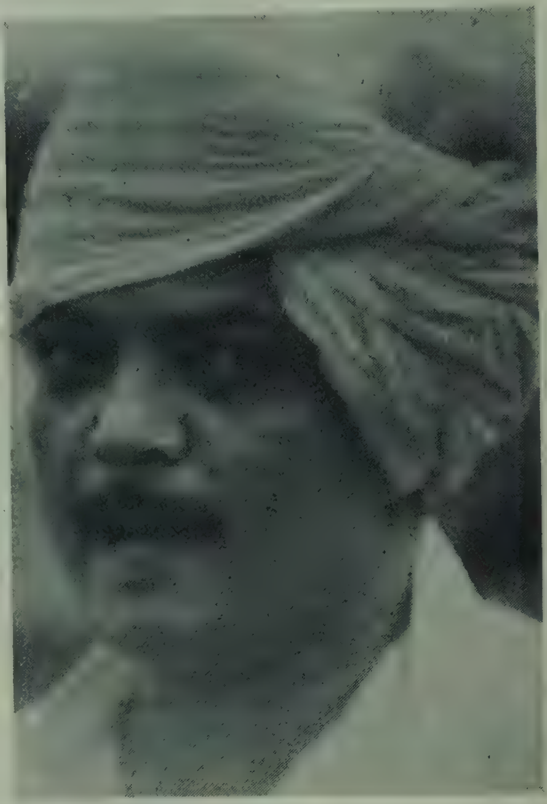
We need a genuine agriculture policy

Why has your advisory committee been attached to the Planning Commission?
Matters concerning agriculture are dealt with not only by the agriculture ministry, but also by other ministries. For instance, the finance ministry has to do with subsidies, and the commerce ministry with export/imports of agricultural produce (for instance edible oil is imported through the State Trading Corporation). So, if advice has to be given regarding matters concerning the well being of farmers, then policies framed by other ministries have to be influenced.

Being equal to the deputy chairman of Planning Commission, what influence do you hope to wield in Yojana Bhavan?
I am a representative of the farmers and I do not make any bones in saying so. I will work for their welfare. They have been given the go-bye for long. Well I am equal to the Deputy Chairman of Planning Commission but there is this concept of 'first among equals' and 'last among equals'.

What do you propose to do now?
I will try and influence decision makers to take "an U-turn" in development strategy. I want to initiate a debate on the whole question of capital formation in the country — a discussion to decide the sources of capital required for investment for development. Unfortunately, in third world countries, we have never had any discussion of this nature. There has to be a debate on the lines of the Corn Law debates at the beginning of the Industrial Revolution or the Bukharin-Preoprazhansky debate at the time of the beginning of industrialisation in Soviet Russia to work out the whole methodology of capital formation.

I agree that historically, the surplus for industrialisation has always come from agriculture from where it has been expropriated. Though I agree that the surplus must come from agriculture, it should not come from farmers (*Joshi does not explain the subtle difference between the two, something that he obviously has in mind.*) The Mahalanobis model of planning that we have been following has become obsolete and has to be done away with. We have to work out a whole new strategy. (*Again, does not specify what sort of model he has in mind and says that he is still thinking and is open to ideas.*) I want to formulate a new paradigm.



The farmers' messiah, **Sharad Joshi**, *who was till recently heading an advisory committee on agricultural policies in the ministry of agriculture, has been able to take his committee out of Krishi Bhavan and attach it to Yojana Bhavan. In his new avatar, the Shetkari Sanghatana leader will be equal in rank to the deputy chairman of the Planning Commission (since both are of cabinet rank) and senior to all other members of the commission. He met Kingshuk Nag of* Business India *recently at his plush ground floor office in Krishi Bhavan in New Delhi.*

Why are you talking of policies in fields outside agriculture? In any case aren't farmers already a pampered lot, enjoying subsidies and not paying any direct taxes?
We will be talking of policies which seems out of the purview of farmers because they have an impact on the well being of farmers. Even an industrial policy affect agriculture. It is not true that farmers are getting a lot of subsidies. It is an illusion to think so. For instance, the subsidy on fertilisers is not benefiting th farmers, it is benefiting the fertiliser companies. We farmers will be glad and the first ones to pay taxes but let us firs have the income. It is well known that t terms of trade has shifted in favour of India away from Bharat. We have been left out of decision making in this country. We want to have our say.

What policies do you want for the far sector?
With petroleum resources getting scarcer, we have to reformulate a strategy of growth for this sector. It is clear that we cannot extend the Green Revolution on the basis of the technolo that has been used in the past. The pos petroleum era technology for farming i not yet determined and that makes our task difficult. We might have to find ou in the long run, alternatives to HYV (hi yielding variety) seeds and fertilisers. On the other hand we have to reformulate the whole agriculture poli keeping in mind that a lot of what we have had in the past is basically a "gro more food campaign" policy. And who are we growing more food for? For the urban populace, all of who are being subsidised through the public distribution system. We have to give up this food and civil supplies approach a reduce the size of the FDS so that thos we can fend themselves should be mad to buy from the open market.

What we need is a genuine agricultu policy which tries to deal with the problem of encroachment of land (for purposes of farming). Land use patter should be in confirmity with its comparative advantage. We may have t think in terms of restoring some land t forests and reduce the gross area unde cultivation. We must also allow some land to lie follow.

Since we are for a cost effective economy, the whole question of subsid has to be given a relook and made a single point subsidy at the level of (selected) consumers. That way, everybody would know who is getting t subsidy. The agricultural policy also ha to deal with the increasing population the farm sector. Now there are 580 million up from 290 million. However, the same period, the share of agricultu in the GNP has not gone up.

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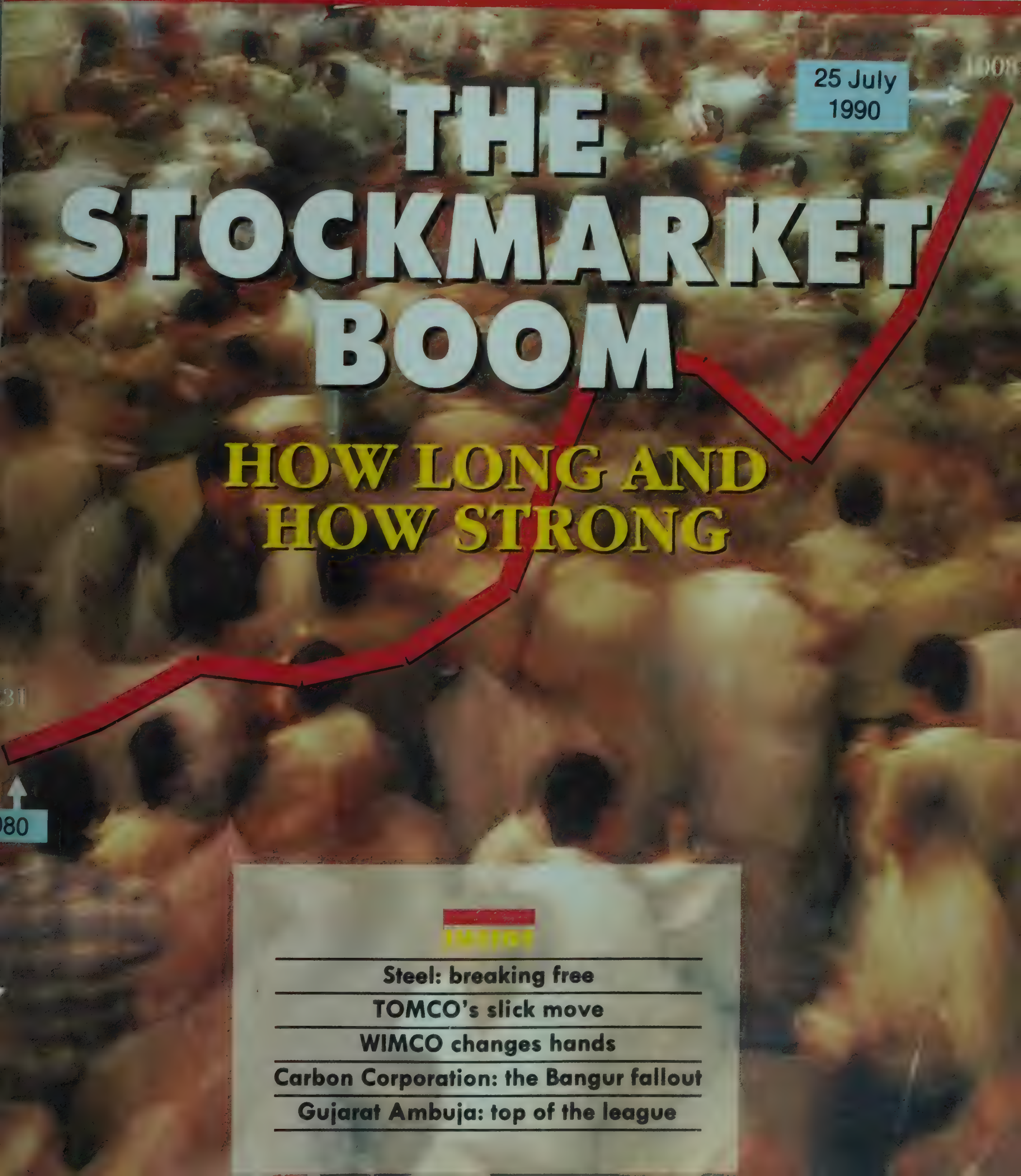

THE STOCKMARKET BOOM

HOW LONG AND HOW STRONG

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- TOMCO's slick move
- WIMCO changes hands
- Carbon Corporation: the Bangur fallout
- Gujarat Ambuja: top of the league

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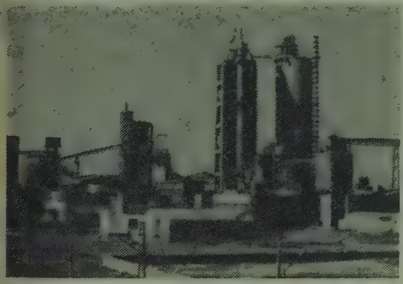

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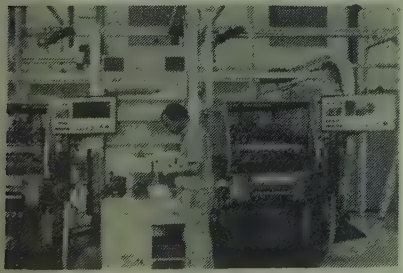

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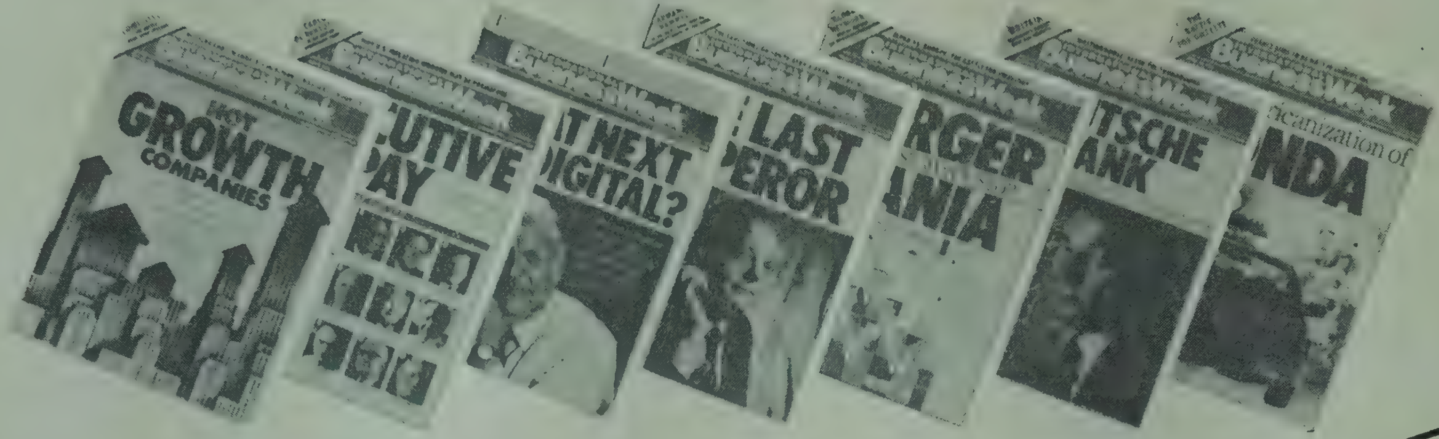

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LETTER FROM THE PUBLISHER

Even in this land of paradoxes, this one is unbeatable. While chaos reigned in New Delhi's corridors of power, the Indian stockmarkets have been witness to the biggest ever boom in prices. When the BSE sensitivity index pierced the 1000-point mark on 23 July, it was a watershed in the long history of the Indian capital markets.

There has been a fear expressed in some quarters that the rise in prices has been fuelled largely by reckless speculation. But that is only partially true. Speculation undoubtedly is an integral part of stockmarket activity everywhere and performs the useful function of keeping markets liquid. But, unlike the constantly cited "failed boom" of 1985, the underpinnings of the explosion in prices this time are solid.

Excellent corporate results, for the second year running, have been backed by a third consecutive year of good rains. Also, a record farm harvest has been followed by a near 9-per-cent rise in industrial production for 1989-90. A 6-per-cent average annual growth rate of the economy in the last five years has resulted in a good surplus of savings in the hands of middle class investors.

Importantly, this time a large portion of the investment, particularly from the small timers, has been channelised through the safe conduit of bank-owned mutual funds which guarantee at least a minimum return, thus building up investor confidence. Besides, no mega issues have hit the primary markets since V.P. Singh took over. This ensured that the secondary market was the only option left for the investor.

However, it must be pointed out that in the current boom, only the shares of good companies have appreciated substantially indicating, not only that investors are getting more sophisticated, but also the fact that there is a terrible shortage of good floating stock in the market. The rush towards the stockmarket is also an indicator of the fact that traditional bank deposits have lost their charm as an investment instrument on account of poor returns and inflation.

So to the question, 'will the boom last?', the answer is 'yes', provided the government does not backtrack on many of the policy decisions it has made in recent times to encourage industry and trade. And considering the kind of resource crunch facing the government, it would do well to encourage a more active stockmarket. If the private sector is to enter the fields of power generation, road building and setting up of the million-tonne steel plants, as the government wishes, it will need money. A booming stockmarket offers the best and only way of meeting this requirement.

Wherever one might stand in the on-going debate on the urban-rural divide, there is no doubt that much of the nations development will have to be funded through taxes generated by the industrial sectors. A high industrial growth ensures higher taxes. And higher industrial growth calls for additional private investment which, in turn, is entirely dependent on a healthy stockmarket. There is no other way out.

Ashok H. Advani

When it comes to providing safe drinking water, it's amazing how many companie are stuck in the 19th century.

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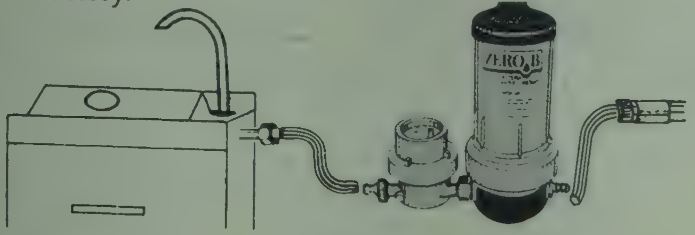

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Business India
The man, the minister

For the record

Please refer to Listening Post, 'Crowding into compressors' (9 July). We have contacted our Tokyo head office and understand that Hitachi Ltd, Japan, neither have any tie-up with Fedders Lloyd for the manufacture of refrigerators, nor are they negotiating for technological collaboration for the manufacture of compressors, for refrigerators/room air conditioners.

Y TANIGUCHI
HITACHI LTD
Tokyo

Managerial takeover

The managerial-cadre, over ambitious or otherwise (Jobwatch 9 July), was the result of the evolution of a management strategy over a period of time. However, today managers are in a rat race in which, like the Pied Piper story, one seems to be falling over the other in trying to achieve ones ends.

There was a time when ambition was the first rung on the ladder to success; today it is the first rung to frustration. Every ad for a managerial position is heavily loaded in favour of a MBA + which really means that management degree holders are available a dime a dozen. When such a situation prevails, it is but natural that mediocrity creeps in and, in its wake, mediocre managers.

M F D'SOUZA
Bangalore

Biased trends

It was a pleasure to read the Cover Feature 'The new Northern Stars' (25 June). India requires such go-getting businessmen if it has to step into the 21st century with confidence.

At the same time it was disheartening to realise that southerners' fears were, after all, true. Development is always welcome, but it should not be biased. The south was always given a stepmotherly treatment compared to the north. Public investment in a few favoured districts in UP is mentioned to be around Rs.15,000 crore in the last decade.

I doubt, for example, whether public investment in Kerala, in all the years since independence, would total even 25 per cent of this amount.

AJITH THOMAS
Calicut

Getting facts right

This refers to the financial results of our company published under Corporate Monitor (23 July). The percentage of shareholding by GUJ Jaeger was reported to be 15 per cent of the equity in the second line. The correct percentage should be 39.28 per cent.

S V JOGLEKAR
Manager (Accounts)
Fag Precision Bearings Ltd
Vadodara

Raw deal

The Americans have not yet succeeded in persuading India to privatise its Life Insurance Corporation. 'Raw deal for policy holders', (Finance, 25 June). Allegations against this organisation are numerous. Policies are not serviced properly, complaints are rarely looked into and policies are not transferred even after repeated requests. The operational side leaves a lot to be desired. Lapsed and prematurely cancelled policies are given the worst deal. Only 30 per cent of the premia paid minus the first year's premia is paid in such cases. And on some policies payment is only made on the original maturity date despite premature cancellation. Policy holders under Salary Savings Scheme (SSS) are the worst hit. They are not even sent premium due notices, premium paid notices and bonus intimations.

Yet the management is reluctant to allow the use of computers to service its clients better.

ANNAM S M
Secunderabad

Petroleum policy

The Government of India's decision to close petrol pumps on Sundays has proved a big farce and a nuisance.

Expecting further embargo people have started collecting petrol in cans and refuel their cars again by waiting in the queue a second time.

Instead of closing petrol pumps, there must be some practical restriction on the productions of cars in the country and on the number of cars owned by a single family.

Efficiency of oil exploration must also be improved. Only when petrol, diesel and cooking gas are abundantly available at reasonable prices can we say that petroleum companies are delivering the goods.

K.V. SATYAMURTY
Bombay

Pleasure and pain

It was a pleasure to read 'Kinetic Honda back in the race' (Corporate Report, 11 June). However, a mention has been made about the indigenous manufacture and supply of paint shop by Thermax. We would like to bring to your notice that one of the most important parts of namely, the electrophoretic painting unit which uses the latest technology in paint finishing, was manufactured and supplied to India by Josts Engineering Company Limited.

K.R. PRASAD
Chief general manager
Bombay

Inflation and hyperinflation

It is poor consolation that Indian inflation has been "extremely low in comparison with Latin American rates". (Economy, 9 July). It is just like two failed school students comparing their results and feeling that one of them is better than the other. Since a large section of the Indian population is poor, even by the government's own standard, the present inflation rate is bad enough to effect them adversely. To claim or imply that it is tolerable shows callousness.

C.Y. RAO
Baroda

Company deposits

With a view to protecting the interests of depositors, section 58A (9) and 58A (10) have been added to the Companies Act empowering the Company Law Board to take cognisance of any case of non-repayment of deposits on maturity and direct the company to make repayment of such deposits. Representation to the Company Law Board has to be made in Form No.11 by the aggrieved depositor.

Most depositors however are not aware of the remedy and the procedure to be followed. It should therefore be made compulsory for the company to publish Form no.11 and the relevant provisions of the law as an annexure to the fixed deposit form, so that aggrieved depositors may apply to the Company Law Board, in case of any default.

SURENDRA KANSTIYA
Bombay

Private bank forum

Happenings in socialist and communist countries have a clear cut message for politicians of developing nations. Customers of banking services should have the freedom to choose between the public and the private sectors, depending on which one is more efficient. Public sector banks are preventing the scientific growth of banking efficiency by ignoring on-line computerisation, networking, centralised data, reduction of surplus manpower etc. An efficient banking sector will tremendously boost business, trade, industry and exports and the employment thus generated will be manyfold.

Recently, the general managers of a large nationalised bank resorted to a go-slow. And the bank's chairman was served 50 reminders, for a five minute interview, by an aggrieved SSI entrepreneur but no such interview was granted. Defaulting bank officials must be held responsible for losses caused by delays in the decision making process.

R.K. NAMDEO
Indore

Managers, all kinds

This has reference to Guest Column (14 May) about the frequent fleeing behaviour of professional managers. R.D. Aga has clearly differentiated between the professionalism of the committed manager vs the professional manager. Today, when the company revolves around the policy of the survival of the fittest, we require a dedicated and committed manager, who will grow with the company and not a high-tech professional manager, who will quit the moment the company is in trouble.

V.J. WILSON
Coimbatore

I definitely feel that the matter of the exploited committed executive needs to be elaborated. These are the people who give up lucrative assignments elsewhere and forsake their ambition for a stable job. Yet, they are the ones who are exploited the most.

R. SHANKAR
Baroda

Compulsory tenure

The rule, making it mandatory that an officer should serve in rural areas for a minimum period of three years before being considered for promotion, is playing havoc on the banking system 'Vanavas in villages' (HRD, 30 April).

Officers, who have never had any rural background, are going to rural areas simply to complete the minimum stipulated period, before being eligible for promotion and returning to the urban branch. When such officers are posted as managers, business at that branch is affected adversely.

Therefore, instead of making rural service mandatory, incentives should be given to those who wish to go to rural areas willingly. Compulsion will not achieve the desirable results. A manager from an urban branch, if posted in a rural area, cannot relate to the services offered to the poor under the DRI scheme and thinks only in terms of industrial advances.

V.R. KRISHNA RAO
Bhimavaram (AP)

BHU-IT alumni

Banaras Hindu University was founded seventy five years ago, in 1915. On the occasion of the platinum jubilee of the University, the Institute of Technology plans to bring out a directory of its alumni and the alumni of the erstwhile BENCO, MIN-MET and TECHNO. All our alumni are requested to send us relevant details like name, branch and year of graduation, postal address (official and residential), present employment and telephone number etc. This information may be mailed to: Prof. B.B. Bansal, Department of Mechanical Engineering, Banaras Hindu University, Varanasi 221005.

B.B. BANSAL
Varanasi

Identifying with a company

Professional managers are usually more interested in their personal growth rather than the growth of the industry ('Profile of a manager', 14 May). Cases of job hopping by professional managers have been increasing phenomenally, but they are not the only ones to be blamed. Organisational culture has deteriorated. Committed managers are no longer held in esteem and are superseded by managers bought in the job market. There is no recognition of sincere work and, therefore, there are no loyalists. Only the feeling of belonging to an organisation and appreciation of sincere workers can bring about the steady growth of a company and also lead to personal satisfaction.

SUMAN KATHURIA
Chandigarh

Calcutta trams

Calcutta's 110-year-old tram network is to die a natural death according to the West Bengal State government's decision ('A streetcar to retire', 14 May).

Trams are slower than other vehicles but they are more economical, safer, less harmful to the environment and less prone to accidents. The traffic bottlenecks are the result of improperly regulated traffic control systems and not due to tramways. In fact they need to expand, by improving the network, to carry more commuters.

If the state government cannot run the show, it must be entrusted to private or other interested organisations.

S. SUNDARA RAO
Madras

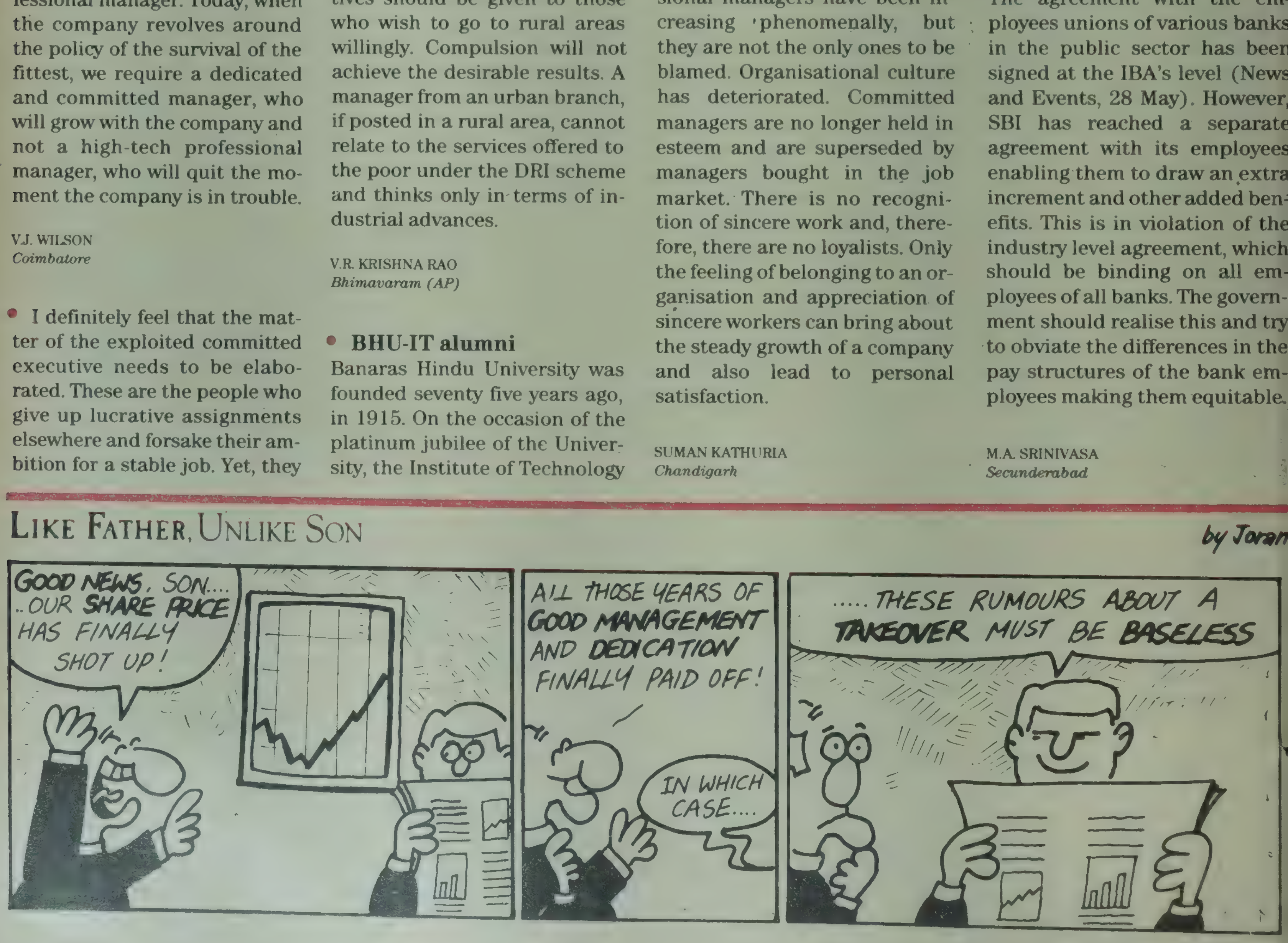
Pay scales for banks

The agreement with the employees unions of various banks in the public sector has been signed at the IBA's level (News and Events, 28 May). However, SBI has reached a separate agreement with its employees enabling them to draw an extra increment and other added benefits. This is in violation of the industry level agreement, which should be binding on all employees of all banks. The government should realise this and try to obviate the differences in the pay structures of the bank employees making them equitable.

M.A. SRINIVASA
Secunderabad

LIKE FATHER, UNLIKE SON

by Joran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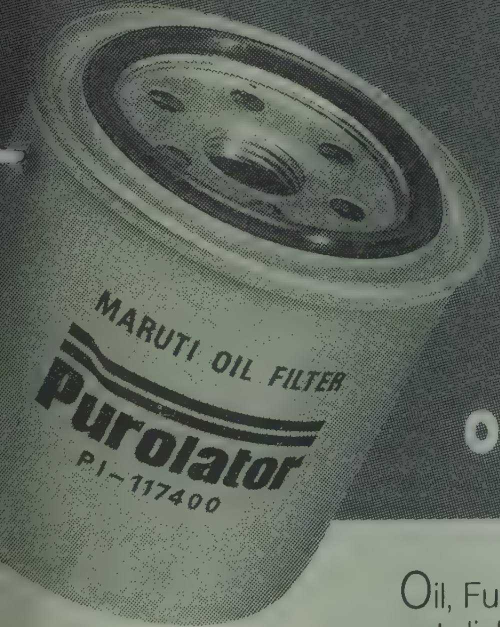

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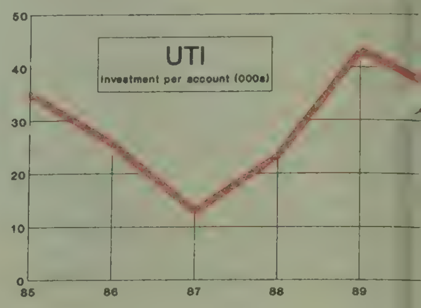
Bubble or boom?



The stockmarket's recent rise is spectacular and, in terms of jump in market capitalisation, unprecedented as well (see cover feature). This does not mean that it is unsustainable. Various factors have contributed: a slack money market, better-than-expected corporate performance in 1989, a satisfactory current monsoon (portending well for corporate performance in 1990), depressed property, bullion and diamond markets, shortage of stock (helped by permission for fewer new issues), over Rs.500 crore of foreign money via mutual funds in the last eight months, and a new government that is more liberal than its predecessor.

Of these factors, only the latter two are not obviously temporary or uncertain. The slack money market will disappear by October, and good news on corporate performance, like the good monsoon, could last just a year. The market is therefore either mad or is putting its trust in liberalisation.

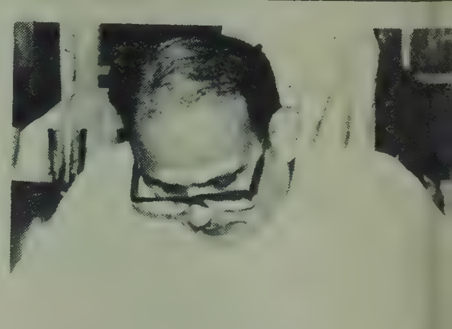
Casual evidence suggests insanity as the proximate cause. There is undoubtedly "panic" buying as erstwhile short-sellers transmute into bulls. But this represents effect rather than the real cause - a steady change in perceptions about economic growth and a realisation that its engine will be the corporate sector, not property or trading.

If liberalisation continues, then the best may be yet to come. Liberalisation can ensure, regardless of money markets or the monsoon, that the economy grows at 6 per cent or better. This requires that corporate profits grow at 30 per cent per year. ask any investor whether he would invest Rs.100 in a project that gave him ten rupees in cash next year and 30 per cent more every subsequent year. He would probably jump at the chance. On this count, the current price to cash earnings multiple of 10 does not look high.

So it is not a bubble. Are regulators right to be worrie then? Yes, they are, simply because a boom can easily turn int a bubble. Unfortunately, once prices have risen in a sustaine fashion for a while, it creates the illusion of a trend. This i turn causes rising prices to feed on themselves until som sobering piece of information comes along and prices fal sharply. At present, such information, if any, will not be available until corporate half-yearly results are announced from October. Hence, there is plenty of time for a bubble to form The stockmarket authorities are right to restrict trading i particular scrips if their rise appears uncontrollable by natural market forces in the short run. No harm is done even if the rise is later justified by performance. Trading restrictions buy time for reflection and force short-term speculators to leave the action. They rarely stop the longer-term rise in share price.

The correct sort of regulation will be increasingly important in the future. While liberalisation helps stock markets to boom via its effect on growth, booming stockmarkets in turn influence growth. This is no longer an insignificant factor in India. In 1989, capital markets mobilised Rs.10,000 crore, or a third of the total financial savings for the year. While a chunk of that would have been saved anyway in bank and other money market accounts, at least 30 per cent was probably new financial savings. All that money was attracted by the prospect of just the sort of stockmarket boom currently under way. Good regulation can help ensure that the boom, when it is over — as it soon must be — is replaced by steady growth an not a bursting bubble.

So much to do



V. P. Singh has got rid of Devi Lal at least from the government. But does that mean that South Block will get down to the business of running the country once again? Unlikely, at least in the short run. In spite of the Delhi heat, the prime minister is cold, lonely and friendless. His allies, the triumvirate of Nehru, Mufti and Khan triumphed only by threatening to pull away. Devi Lal — "freed from prison" — will continue to hatch plots. There are rats waiting to desert Singh and there are already cracks appearing in the Janata Dal edifice. He needs comfort. Yet, the delay in policy decisions can no longer be explained by the pile of trouble on his desk. He is the prime minister and the buck stops at his doorstep.

Inflation continues. At 9 per cent annually, this rate hides a 20 per cent jump in the prices of edible oils, a 12 per cent jump in cotton textile prices and a 17 per cent jump in sugar prices. Yet, the cabinet meeting on prices was postponed thrice a even when finally held, nothing came out.

The notifications of the now-not-so new industrial policy are still awaited, while he continues to give in to criticism. So in practice, there is no new policy as concessions to industrialists will not be implemented till the so-called positive and negative lists are prepared.

New policies worked out by eager ministers have become files pending in the PMO. The policy to privatise power has been hanging fire for months as have the policies on roads, youth, textiles and the right to work. Cost cutting moves have had only a psychological effect. Early closure of petrol pumps for example, has not curbed consumption but led to black marketeering.

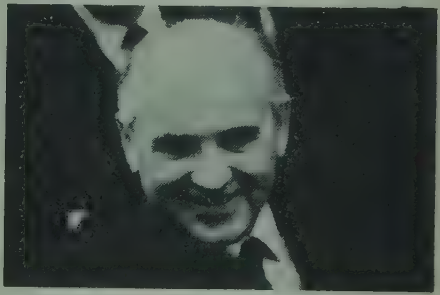
The prime minister, who handles the department of personnel has not had time to clear recommendations by various ministries for vacant posts. Even the crucial deputy chairmanship of the Planning Commission has not been announced. The prime minister also chooses not to hasten action on programmes by resolving inter-ministerial tussles.

At the best of times, good news on Punjab and Jammu and Kashmir have come in small servings. This must be the worst of times. Killings, kidnappings and extortions have snowballed but there is no time for a government caught with staying power to debate, to discuss or work out solutions. Caught between the left and the right, it bumps from one corner to another and goes around in circles on touchy issues like the Ayodhya dispute. On Assam, it refuses to see the writing on the wall — that the ULFA is running a parallel government with the blessings of the local government — simply because the local government — the AGP — is part of the National Front.

Jumping from one political crisis to another, V.P. Singh's ministers have largely stopped attending office. Psychologically, with each patchup job the government seems weaker to bureaucrats who are not clearing important files anymore, waiting to see what happens next.

It does not take long for the vultures to come calling. Politicised Delhi is already abuzz with talk of favouritism towards UP and Rajasthan cadres. Such talk would not matter if action was rational and quick. Given the enormity of the country's economic problems and the obviousness of their solution, Singh must not wait but act decisively. He has done so once by sacking his deputy prime minister. But that won't be enough.

Fair to both sides



The rupee-rouble trade is considered doubly disadvantageous to India. First, India has a trade surplus with the Soviet Union, but this surplus is not convertible into hard currency (and will remain unconvertible at least until 1995). Second, the rouble is overvalued. It is officially worth Rs.21, but only Rs.3.50 in the black market.

Is the allegation then — that successive Indian governments (including the present one) have exchanged our economic interests for political ones — true? Not at all. The trade is economically sound and the alleged disadvantages merely reflect confused thinking on the part of academics and politicians alike.

Consider first the Indian surplus on current account. Since Indo-Soviet trade began in 1955, the cumulative trade surplus of India is estimated to have reached Rs.5,000 crore. Balanced against that, however, are defence imports, whose value is kept secret but is estimated to be over Rs.10,000 crore.

Given India's continued dependence on Soviet armaments and aircraft, defence imports will continue at Rs.1,000 crore per year. Even 1990-91's likely trade surplus of Rs.1,800 crore will not offset the accumulated defence deficit. Hence, the "disadvantage" of unconvertible surpluses does not arise.

Second, consider the exchange rate of Rs.21 to the rouble. This rate, in fact, does not matter at all. That is because the price of oil, our other major Soviet import, apart from defence equipment, is always set with reference to the rupee-dollar exchange rate. If oil costs India Rs.400 per barrel in world markets, an official doubling, say, of the value of the rupee versus the rouble would merely mean that the price of Soviet oil would be set at twice as much in roubles thus yielding the same Rs.400 per barrel to the Soviets. Hence, the buying power of the Soviet government and, by extension, of the Indian economy would be unchanged by the rouble's devaluation vis-a-vis the rupee. So long as India does not have spare roubles from its trade with the Soviets, the exchange rate in theory should be of little concern.

This is not to say that all important issues have been resolved. Indian companies, such as hotels, have earned roubles from joint ventures in the USSR. Such profits are at present frozen in a non-interest bearing account pending an agreement on the exchange rate at which they can be repatriated (the funny-money rate of Rs.21 per rouble clearly does not make sense). Nor is there any reason why we should not be paid interest. This should be negotiated quickly based on purchasing power parity.

There are also complaints that India has been overcharged on defence purchases. While the relative cost of defence equipment is difficult to calculate (for example, can a Mig-29 be priced the same as an F-16?), studies done by Bombay University's Centre for Soviet Studies indicate that parity with international prices has been maintained.

An important aspect of rupee-rouble trade is that it started when the Nehruvian concept of a mixed economy was unacceptable to international donors (including the World Bank); it was the Soviets who first helped finance our public sector. With it, they demonstrated that they respected the Indian view of development without necessarily agreeing with it. Since then, considerable international aid has flowed to our public sector. At the time, the Soviet move was unusual as well as moral. It has also proven to be economically fair.

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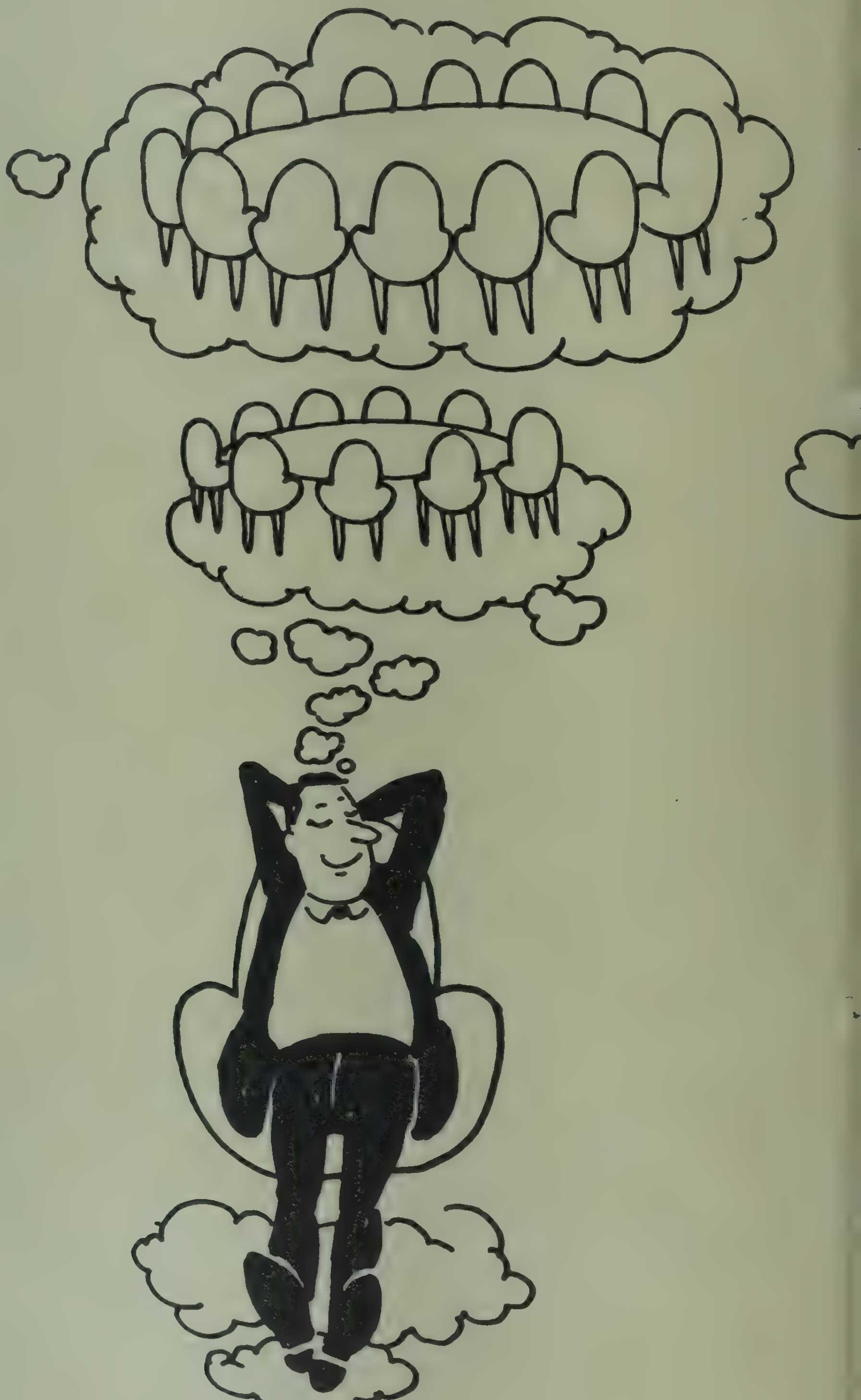

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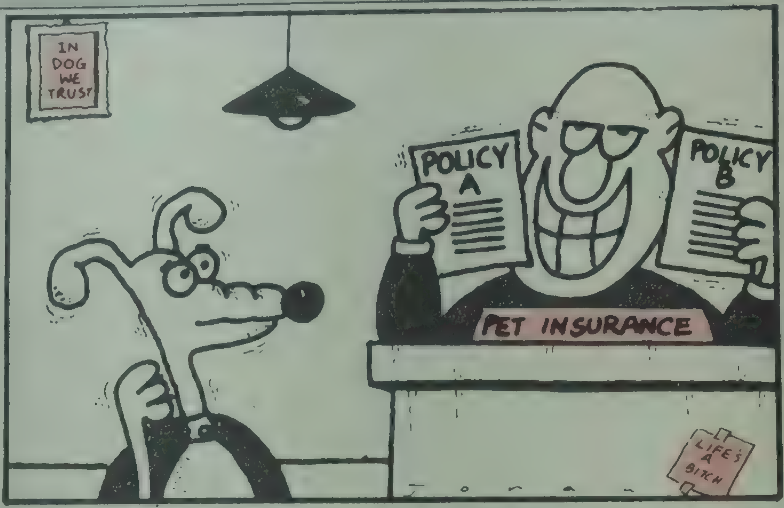
Pampering pets



To those who do not own pets, pet insurance may sound like a joke; but being faced with a hefty vet's bill is no laughing matter. In Britain, pet owners spend over £500 million annually on veterinary treatment, so insurance clearly has its attractions.

Pet Plan, which claims to be the largest pet insurer in the UK, had a turnover last year of some £7 million. It insures some 200,000 dogs, cats and horses and handles around 2,000 claims every month.

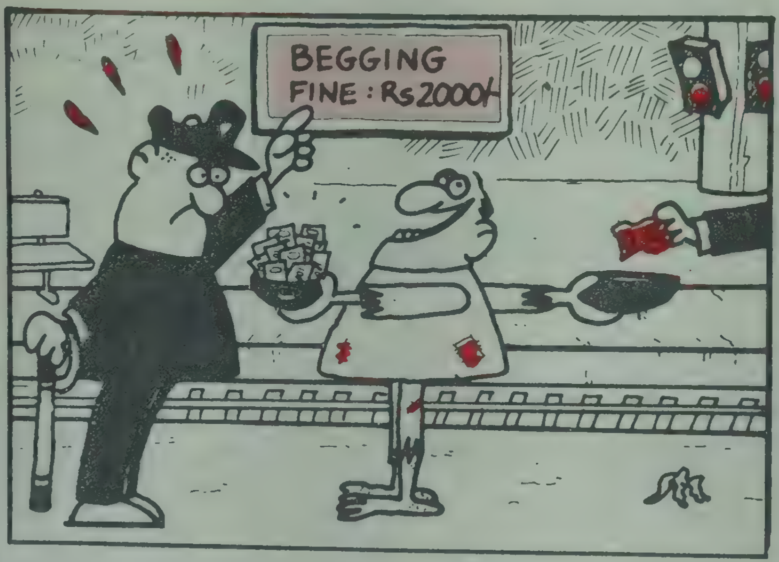
But pet insurance is not new. It has been possible to insure dogs for more than 50 years, only earlier the emphasis was on expensive pedigrees. With the increasing popularity of pets, the scope for pet insurance has increased. As a result, a number of companies with a wide range of policies have come up in this field, and to give themselves more credibility some have even aligned themselves with animal charities like the RSPCA.

Cover for vet fees is probably the most important element of pet insurance. But features like complementary medicine, physiotherapy, acupuncture and herbal and homoeopathic treatment are other benefits. Dog Breeders Insurance also covers the cost of transporting a pet if it is referred to another vet. However, the first part of any vet bill has to be paid by the owner.

Besides vet costs, third party liability, the cost of advertising and offering a reward if a pet is lost, death benefits, the cost of cancelling a holiday if a pet needs surgery just before you leave and up to 50 per cent recovery of a pet's market value if an accident prevents it from being shown or used for breeding are also covered.

However there are certain things that insurance policies won't cover. These, connected with 'whelping' or 'kittening', normally include preventive treatment, vaccination and illnesses arising within 10-14 days of the insurance application's acceptance.

Rags or riches?



Officials who drafted the Indian Railways Act 1989 (regarding enhanced penalties) are probably under the impression that the income of people seeking alms in trains and stations runs into four figures. For, according to the Act, effective from 1 July, while ticketless travel involves a fine of Rs.50, begging is punishable with a fine of Rs.3,000, one year in jail or both.

T.N. RAM PRASAD
Bombay

More work, less pay

The commission rates charged by nationalised banks for outstation demand drafts are as under: Rs.2 for DD up to Rs.500, Rs.5 for DD from Rs.501 to Rs.1,000, Rs.10 for DD from Rs.1,001 to Rs.5,000, Rs.20 for DD from Rs.5,001 to Rs.10,000 and a further Rs.2 per thousand or part thereof.

Suppose a DD for Rs.5,500 is to be made, the normal commission would be Rs.20. But if the same amount is split into two demand drafts of Rs.5,000 and Rs.500 each, the commission charged would be Rs.12 — Rs.10 for the first one and Rs.2 for the second. So the bank has done double the work and lost Rs.8 on service charges.

KULDIP SINGH
Bombay

The 21st century car

According to C.G. Sukhathankar, parts department, of Mahindra and Mahindra, the automobiles of the foreseeable future may have the following characteristics:

- Mini satellite systems will guide the driver to his destination.
- All cars will be made of plastic and will run at about 300 km/hr. Ceramics will be used in their engines.
- At the push of a button, the car will automatically follow the vehicle ahead.
- A finger print identification system will ensure that the vehicle is accessible to the authorised driver only. With voice-recognition capabilities the car will obey vocal instructions like stop, start, turn left, etc.
- The use of carbon fibres will increase the resilience of a car by four times, and reduce its weight by 20 per cent.

PLASTIC CARS : 21st CENTURY

Business India invites readers to send original unpublished contributions to this page. The snippets can be humorous, insightful, outrageous or simply informative. Each snippet must carry this coupon.

Rs.50 paid for each published contribution.

Love shop

One Sunday morning in Auckland, looking through the newspaper for what is on today, I saw a small boxed advertisement — 'The love shop'. I found my way there; it was a fairly large shop with a modest exterior. As I entered, the woman there got up and went inside, leaving me alone in the shop. There was an array of used clothes, shoes and many other items on various racks. On one side was a propped up sign that read, "Welcome to the love shop. Take whatever you want, or leave behind whatever you wish to spare for others but no money"

I sought out the woman who ran the store, who explained that she and her husband found this was a good way of helping the needy without embarrassing the taker or the giver. The couple would wash, clean and arrange the incoming items on the racks and also use whatever they needed.

M.N. BAGAI
Gurgaon

A name that sells

At a recent tea auction in Calcutta, a kilogramme of Darjeeling tea, fetched over Rs.4,000. Tea from this Himalayan foothill district of West Bengal has always been a top seller in the world because of the exquisite flavour the leaf acquires from the unique soil, altitude and climate of the region. The annual output of tea in Darjeeling is about 12 million kg, but 40 million kg of tea is sold annually throughout the world as Darjeeling tea.

Incidentally, the first person to experiment with tea cultivation in Darjeeling was the civil surgeon of the town — Dr. Campbell, an Englishman who successfully grew tea plants on the grounds of his own bungalow in 1847. This paved the way for laying commercial tea estates in 1852. And today Darjeeling tea earns Rs.70 crore in foreign exchange.

J.B. WILLIAM
Madras

Delayed reaction

DRUGSTORE
R
HEROIN ILLEGAL

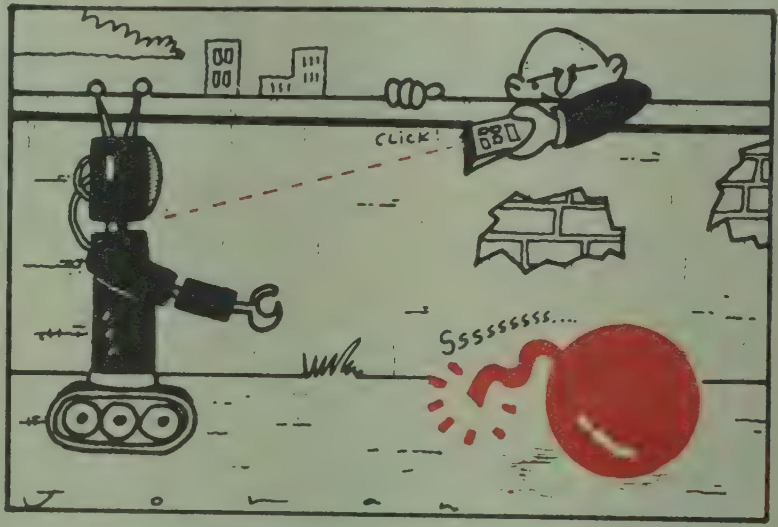
In the late 19th century, a certain German drug company dreamed up a brand name for dracilylmorphine — a synthesis of morphine and acetic anhydride. The name: heroin. The company: Bayer.

By 1896, this new drug, mass marketed by Bayer, gained respectability when the American Medical Association endorsed it by approving it for general use. It took almost two decades and two million addicts before the American government declared heroin illegal.

Smart robot vs terrorists

Delhi Police, please note. *The Japan Economic Journal* dated 7 April 1990 reports the launching of a smart robot, nicknamed Andros, which does an excellent job in defusing a bomb.

The robot is marketed by Remotec Japan Corporation, a joint venture of Remote Technology Corporation, USA, and Tokyo Engineering Corporation, Japan. The robot is remote controlled by a cable or radio communication link. The operator can monitor its movements from a safe distance guided by images transmitted by the robot's camera. Andros enjoys an excellent manoeuvrability — it can crawl into a narrow space, tiptoe around a sharp bend and climb up the stairs or a slope up to a 45 degree incline.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Sssssssss....

The US Federal Bureau of Investigation (FBI) in a bid to thwart terrorism had requested Remote Technology to develop a robot for such applications. The company has already found a good market for the robot in the US Department of Defence.

The time is not far when one will see the macho screen hero being replaced by Andros performing such deeds of derring-do as defusing a time bomb!

SOUMITRA BISWAS
New Delhi

And now, tea

The cup that cheers is capable of springing rather unpleasant surprises on the unwary, if a study carried out at SNDT Women's University, Bombay, is to be believed. Tea, according to scientists of the SNDT Food Science Department, contains a lot more fluoride than many people imagine. This would make tea drinkers in states like Tamil Nadu, Andhra Pradesh, Gujarat and Rajasthan — where the fluoride content of water is dangerously high — doubly susceptible to fluoride poisoning.

The SNDT researchers have found that most varieties of tea contain about 97 ppm (parts per million) of fluoride — about 25-fold higher than the safe level of 4.0 ppm. The most hazardous in this regard are Chinese and Sri Lankan tea leaves in which the fluoride content is as high as 375 ppm.

Considering all the hue and cry over fluoridated toothpaste and the virtual ban the government wants to impose on it, one wonders whether they will also ban tea!

S.G.
Bombay

Back in business

Godfrey Phillip's chief, K.K. Modi's new project for the manufacture of specialised yarn has received the go ahead from the government. The factory will come up 30 km from Gwalior, in Madhya Pradesh. Its assembly line is expected to churn out specialised polyester and nylon yarns from December 1992.

The splitting of assets in the Modi family last year had left K.K. bereft of the profitable fibre division of Modipon Ltd, of which he was managing director. This new project, thus, will get this Modi gentleman back into his favourite business — synthetic fibres.

Parking slots

One function that the Reserve Bank of India religiously performs is getting parking slots for all its retiring executives. S.N. Bagai, RBI's executive director retired from RBI to take over RBI's currency printing subsidiary. U.K. Sarma, another executive director, retired to take charge of RBI's history writing task. Now, P.D. Ojha, its retiring deputy governor will be the chairman of the Indian advisory board of Bank of America.

P.D. Ojha: parked

Towards the magic figure

In its bid to carve out a niche amongst more well-to-do customers, Federal Bank, Kerala's largest and most dynamic private sector bank, will introduce a privilege card or coupon system to entitle holders to super service, like extra fast encashment of cheques with no formalities at all, encashment at any of its 336 branches, overdrawing limits, etc. All this is part of the bank's efforts to hit a total deposit level of Rs.1,000 crore by end 1991.

Minor "hitch"

Help is on its way for the sick and inefficiently run Cement Corporation of Gujarat Ltd (CCGL), whose current accumulated losses is exactly double its equity of Rs.35 crore. In what is believed to be one of the last major decisions taken by the late Madhav Prasad Birla, the blue chip Birla Jute Manufacturing Company Ltd is expected to take over the management of CCGL. A proposal initiated by the all India financial institutions (which have a hefty 45 per cent stake) will, it is hoped, open the doors for Birla Jute to acquire an equity stake in the company. But there is a hitch.

J.R. Birla, chairman and managing director of Birla Jute is keen on the GIIC nominee continuing as chairman of the board of CCGL. But, reportedly, Mahendra, a director on CCGL's board (from the private sector promoter's group which will sell part of their equity to Birla Jute under the proposal) has other ideas. It is believed that he prefers to take up this position. The institutions are hopeful that this minor "hitch" will be resolved.

Project grounded

An ambitious project to produce petrochemicals in the Middle East and export them to India has run aground. Emirates Narmada was a company promoted by a group of NRIs and was to be established in Jebel Ali in the Emirates, an export-oriented zone where 100 per cent foreign ownership is permitted. Gujarat Narmada Valley Fertiliser Company (GNFC) was going to provide management services for the venture.

Staying away

If petroleum and chemicals minister M.S. Gurupadaswamy is trying to discourage multinationals from entering the drug industry in India, he seems to have succeeded in at least one case. India Photographic Company, affiliated with Kodak of England, was seriously thinking of marketing a range of products from Sterling of the US. This followed the recent takeover of Sterling by Eastman Kodak in America.

M.S. Gurupadaswamy: deterrent factor

India Photographic was about to make an investment of several crores of rupees to launch Sterling's products in this country. But after the business manager of the Indian company, Sudershan Banerjee, spoke to experts in the industry, he decided to stay out. Interestingly, Sterling's products are already marketed in India by Modi Winthrop Ltd. Whether that association continues or not, in view of the change of owners in the US, remains to be seen.

Restoring credibility

A proposal suggested by ADB to float the Indian Leasing Industry Fund has been cleared by Kamal Pande of CCI. The size of the fund will be about Rs.100 crore, with ADB proposing to take up 22 per cent of the equity stake. ICICI and UTI will each take up a similar share and the rest will be raised from a public issue in the Indian market. ICICI will be the investment adviser, and UTI the fund manager of this proposed fund.

The main objective for setting up the fund is to restore credibility of leasing companies with the investing public, as the fund will invest in only those leasing companies which have acceptable credit rating.

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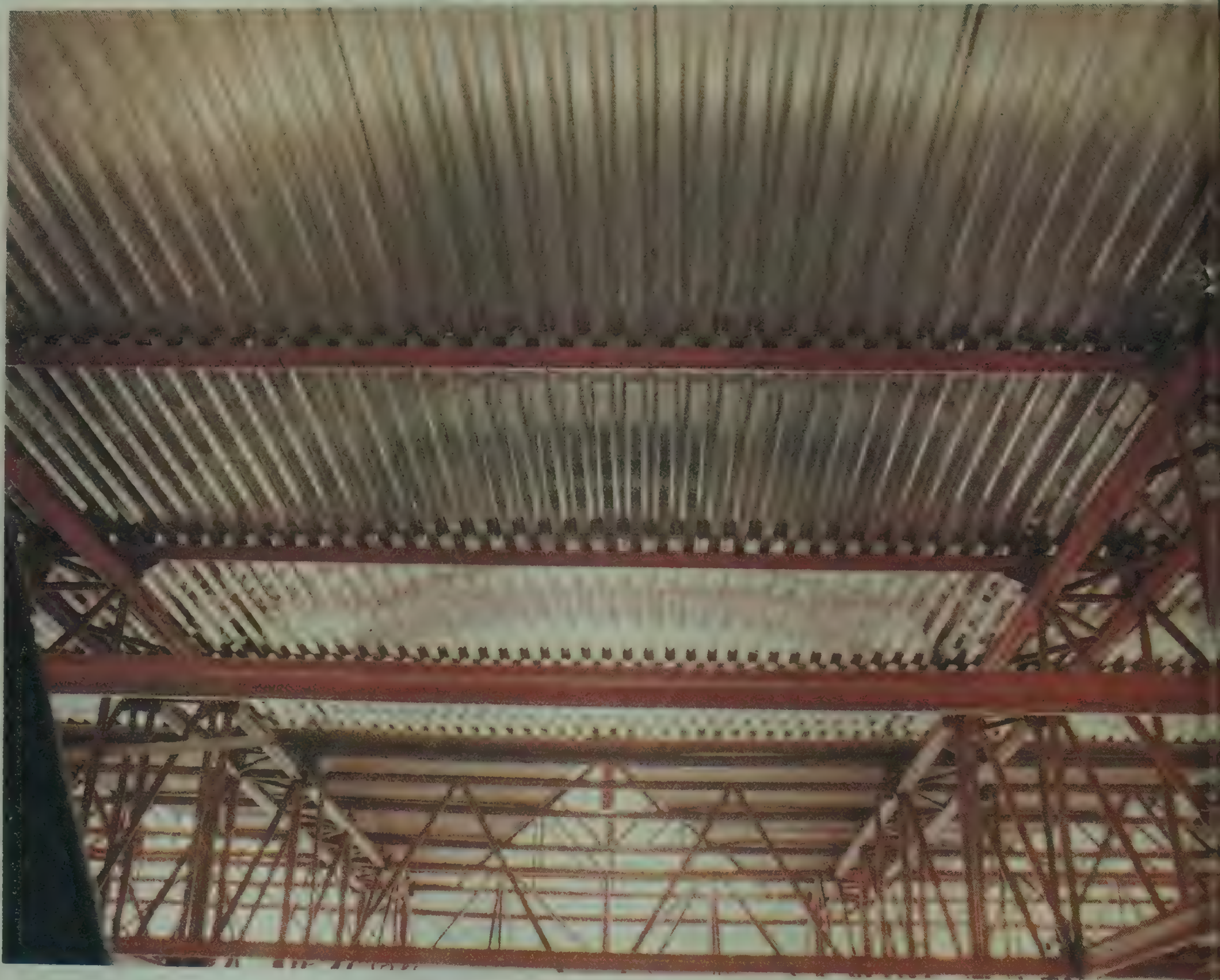

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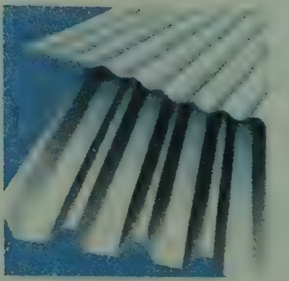

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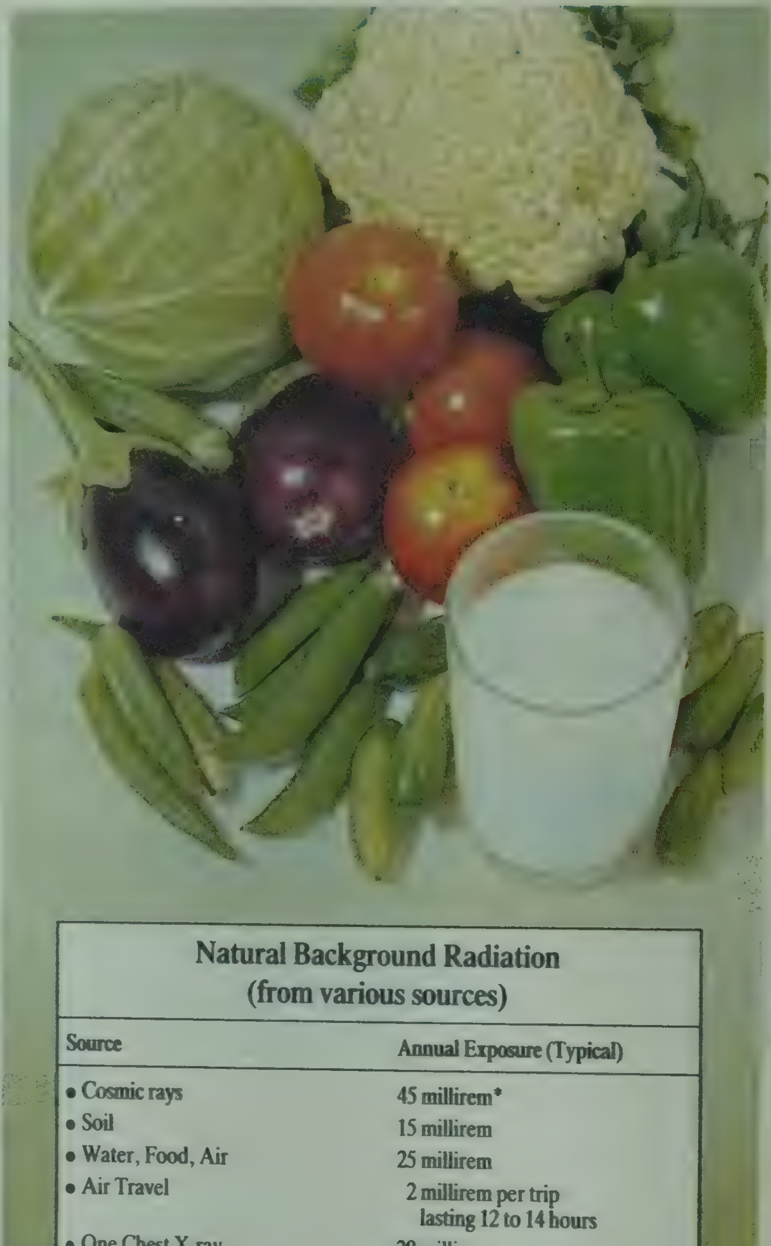

Natural Background Radiation
(from various sources)

Source	Annual Exposure (Typical)
• Cosmic rays	45 millirem*
• Soil	15 millirem
• Water, Food, Air	25 millirem
• Air Travel	2 millirem per trip lasting 12 to 14 hours
• One Chest X-ray	20 millirem
• Brick House	50 to 100 millirem
• Concrete House	70 to 100 millirem
• Nuclear Power Plant Vicinity (1.6 km radius boundary fence)	1 to 2 millirem per year
TOTAL	About 240 millirem per year

* A unit of radiation. Present upper limit for occupational worker is 5000 millirem per year and for member of the public is 10 millirem per year at 1.6 km fence post of a nuclear power plant, as per international standards. Shifting residence from one region to another would entail an additional dose of 60 millirems or more per year, because of local variations in the natural radiation background.

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ECONOMY

No sugar import

The government has announced that there will be no import of sugar during the year 1990-91, in view of the record 11 million tonnes produced this season (1989-90). Prospects of re-entering the world market for sale of sugar, without affecting the domestic consumption are being considered.

The carry-forward stock, after meeting domestic requirements is placed at 700,000 tonnes, of which two or 300,000 tonnes may be exported. At the prevailing world prices of around $375 a tonne, export of 200,000 tonnes could fetch up to Rs.120 crore in foreign exchange.

However, whether exports will be routed through the State Trading Corporation or the sugar industry is yet to be decided.

Slump in tie-ups

According to information available from the Directorate General of Technical Development (DGTD), the year 1989 saw a drop of nearly 40 per cent in the number of foreign collaborations. As against 957 collaborations in 1988, only 605 were approved during 1989.

DGTD data shows a drastic decline of 53 per cent in collaborations with the UK, followed by France and Switzerland, by 50 per cent. The areas in which foreign collaborations dropped are industrial machinery, electronic and electrical industry.

New guidelines for sugar

The government has announced fresh guidelines for licensing new sugar factories and for expanding existing ones during the Eighth Plan. New sugar factories will continue to be licensed for a minimum economic capacity of 2,500 tonnes of cane crush per day (TCD). But there will not be any maximum limit to such capacity. However, priority will be given to factories with capacity of less than 2,500 TCD to expand to the prescribed limit.

Another guideline says that a licence for sugar factories will be issued, provided there is no sugar mill within a radius of 15 km. Also, cane price will be payable on the basis of its sucrose content.

Rationalising trade

The Union commerce ministry has decided to rationalise promotional activities in the trade sector abroad through the newly created Bharat Business International Ltd (BBIL). The company will aim to provide a single window service to trade offices abroad.

The number of trade offices will consequently be reduced from 39 to 16, saving about Rs. 7.5 crore in foreign exchange this year. Additional foreign exchange savings worth Rs. 3.5 crore has also been mooted.

The review, however, does not cover overseas offices of Engineering Export Promotion Council, Confederation of Engineering Industry, and other autonomous bodies.

Support price evaluation

The Union government has decided to include managerial inputs as an item of cost in determining the support prices of agricultural commodities. Managerial inputs have been fixed at 10 per cent of the total cost of crop production. Further, the government has agreed that the basis of valuation of labour will be the statutory wage rate or the actual wage rate, whichever is higher.

The commission on Agricultural Costs and Prices (CAPC), responsible for fixing support prices, has been ordered to revise procurement prices in case there is a rise in input costs during the period between the announcement of support prices and arrival of crops in the market. Also, the CAPC will have to henceforth publish the methodology of fixing prices.

Items on OGL moved

To save the outgo of foreign exchange, the government has decided to shift certain items of capital goods from OGL to the licensed category.

The items include, among others, machinery and equipment for jute industry, printing and allied processes, electronic image assembly and metallurgical microscopes for the manufacture of semiconductors. The notification, however, does not mention either raw materials or components.

Foreign exchange to the extent of Rs.1,000 crore is expected to be saved. The notification further entails a 15 per cent reduction in the release of foreign exchange for import of raw materials and components required by the automobile, consumer durables and electronic sectors.

CORPORATE

Mathura plant cleared

Indian Oil Corporation's proposal for a propylene and catalytic reformer unit at Mathura has finally been cleared. The proposal was pending with the ministry of environment and forests since 1989.

The corporation has permission to produce 24,000 tonnes of propylene, 12,500 tonnes of isobutylene and 45,000 tonnes of catalytic reformer. The ministry, however, has stipulated that certain conditions, including checking the emission of sulphur dioxide, be adhered to so that the Taj Mahal is not affected.

Wipro raided

Offices of Wipro Limited all over the country were raided by the enforcement directorate. The electronics and consumer company was raided for suspected FERA violation in its import export operations.

The directorate has been looking into the company's leather exports as well for possible under-invoicing of goods.

Direct marketing for Rampur Distilleries

Rampur Distilleries and Chemicals Company has decided to directly market its products. Managed by Lalit Khaitan, it is one of the fastest growing liquor companies, with an increase in turnover from Rs.2.9 crore in 1982-83 to Rs.64.4 crore in 1989-90. Until now, 60 per cent of their liquor was being marketed by Shaw Wallace.

The company will initially aim for the markets of the south where it has already launched its Contessa brand rum. Other plans in the offing are a plant to manufacture malt spirit and a tie-up with a Nagpur distillery for bottling and manufacturing liquor for the western region.

GIIC's finance scheme

A new company, Gujarat Venture Finance Ltd., has been launched by the Gujarat Industrial Investment Corporation. Of the Rs.24 crore capital investment required, the World Bank will provide Rs.8 crore, IDBI and GIIC together will provide Rs.4.5 crore and the remaining Rs.7 crore will be raised from the financial institutions.

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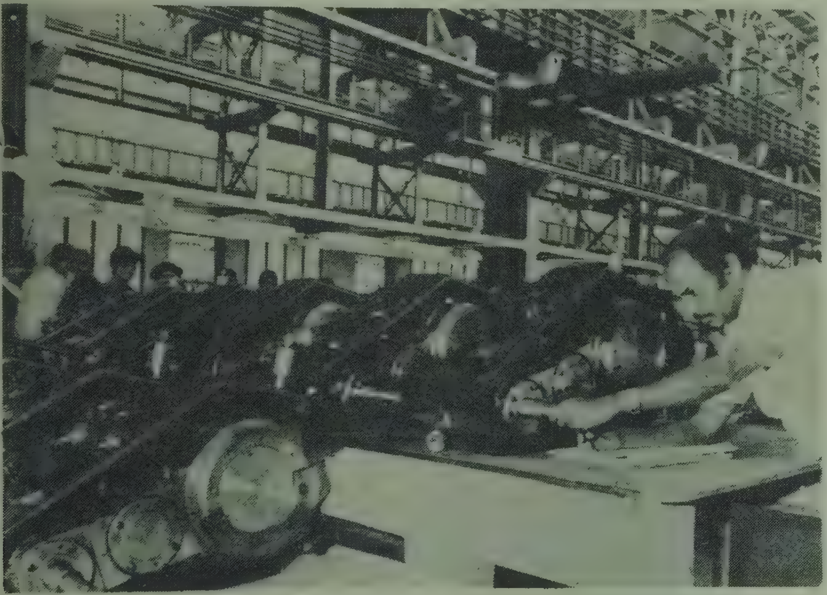
scheme will provide assistance for the development of products or projects based on new technology. The World Bank, besides giving financial assistance on concessional terms, will also help train staff.

Tisco to acquire Tata Inc

Tata Iron and Steel Co Ltd (Tisco) plans to acquire the entire capital of Tata Inc, New York, as part of its export drive. Tisco has announced an export target of Rs.200 crore this year, and has already obtained shareholder consent to invest $ 900,000 to purchase shares in Tata Inc, a subsidiary of Tata Sons. Ltd.

Tisco's purchase of the group company's equity will establish Tisco's presence abroad.



Varun Shipping to expand

Varun Shipping Co Ltd has expansion plans of Rs.200 crore. The company has already submitted its plans to SCICI for clearance and financial assistance. Upto 80 per cent will be borrowed from SCICI and banks. The company intends to get part of the rest through a public issue. At present, the company has a fleet of five tankers and four offshore vessels. After the expansion, the fleet will be doubled by the addition of another nine to ten vessels, though the type and tonnage is yet to be determined.

SCI stops Australia service

The Shipping Corporation of India has stopped its liner service to Australia. The service, from the west coast of India, has been persistently making losses. SCI, however, is still to receive government permission to discontinue the service. Company sources say that they have suspended the service for one year, after which it may be revived. Meanwhile Western India Shippers Association has protested against SCI's decision and urged the company to reconsider it.

Glaxo claims compensation

Glaxo India Ltd has claimed Rs.37 crore from the government as compensation. The claim is for unintended losses incurred by the company on certain product categories between 1981 and 1987. These losses relate to unremunerative price fixations, delays in obtaining price approvals and the government's failure to take into account changes in input costs.

In case the ministry of chemicals and petroleum concedes the demand, it will be set off against the government's claim of Rs. 66 crore on the company under DPEA.

Telco to extend NC debenture period

Telco's directors propose to extend the redemption period of the non-convertible debentures (NCDs) issued in 1983. The total face value of the NCDs is Rs.85 crore and will be extended for a period of seven to nine years.

Subject to approval from CCI and the holders, Telco will use the funds for further modernisation and replacement, as well as for working capital needs. The 8.5 million secured 15 per cent NCDs of Rs.100 each, that were issued, are due for redemption in November.

Essar vessel arrested

Nand Shamik, a vessel belonging to Essar Shipping Ltd has been arrested by a Dutch underwater engineering firm, Wharton Williams Taylor, in Dubai. The Dutch company resorted to the arrest on 22 July for the recovery of $ 3.9 million due to them from Essar. The money, due for over two years, was for underwater work on Essar's offshore drilling contracts with ONGC. The company moved the Bombay high court which ordered Essar to pay up by 30 June 1990. The arrest was made following an order from the office of the ruler of Dubai to execute the judgement.

IISCO's modernisation

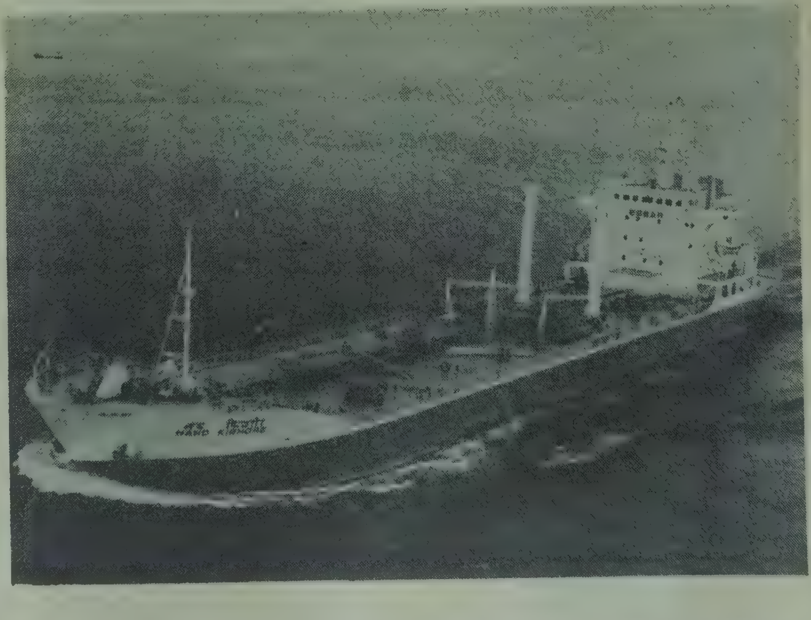
In line with the Steel Authority of India's report, the government now proposes to modernise the public sector Indian Iron and Steel Company in two phases. The plans envisage modernisation over eight years and a capacity addition of one million tonnes in each phase. A capacity of 50,000 tonnes will be transferred from the old plant.

INDUSTRY

Move against measure

Small scale pesticide formulators are against the proposed amendment to the Central Insecticides Act, 1968. The amendment to section 9 (3) of the Act will give a five-year monopoly to a company to manufacture a new product that it has developed and registered. Presently manufacturers have to register a new product under section 9 (3), but the Central insecticides board issues repeat registrations to other applicants, who develop the product subsequently.

So far, all producers have had the opportunity to develop a product already in the market, according to Pradeep Dave, president, Pesticides Formulators Association of India. "The proposed amendment will provide protection to one company for five years. And this company



can charge any price and expand capacity to such an extent that there may not be any scope for others to produce and compete," he adds.

Sick units to be revived

The Confederation of Engineering Industry (CEI) has urged the government to evolve guidelines to facilitate the revival of small sick units through mergers with healthy units and to develop schemes that provide risk insurance for them. Further, small scale industries must be helped to maintain their level of exports and also to increase it. The government must ensure that its officials perform the role of "promotion rather than inspection", thus eliminating irritants that hurt the small scale sector.

Freight rates down

Shipping freight rates have declined sharply over the past few months. The Baltic Freight Index has fallen by 212 points since the first half of 1990. When the rates started declining in early February, shipowners considered it a temporary phenomenon. However, the downtrend continues.

Most affected is the panamax tonnage, with little demand for grain and mineral movement. The slide in rates is reflected in Indian shipping shares which have not kept-pace with the bullish trend in the market.

The rate slide has forced member lines of the India-Pakistan-Bangladesh Conference to slash rates for select items. The cut ranges from 15 to 20 per cent on items like cotton piece goods, woollen carpets and garments for UK-continental destinations and cotton yarn for Mediterranean ports.

Hazardous industries

A total of 575 industrial units spread over 20 states in India have been identified as hazardous installations by a nationwide survey undertaken by the International Labour Organisation (ILO).

According to P.V. Krishna, project coordinator, ILO, in addition, about 68 substances have been declared hazardous. Funded by the Federal Republic of Germany, the ILO project aims to establish a major accident hazard control system in India. The objective of the project, according to Krishna, is to install a national system for identification of potential hazardous industries.

Power tariff hike decried

The Maharashtra Chamber of Commerce and Industry is against the proposed increase in the electricity tariff by the Bombay Electric Supply and Transport Undertaking. The hike has been proposed for both domestic and commercial purposes.

The president of the chamber, Subhash Dandekar, has stated that business and industry in Bombay were already facing difficulties on account of paucity of funds, labour problems and a number of rules and regulations of the government and the Bombay Municipal Corporation. In this situation, Dandekar points out that the proposed hike in electricity charges would result in an additional financial burden and make business 'uncompetitive and unviable'.

LABOUR

Agitation deferred

The Bharatiya Kisan Union has deferred its agitation till 17 September in view of the political situation in the country. An announcement to this effect was made by BKU chief Mahendra Singh Tikait.

Benefit for contract workers

According to the Union minister for labour, Ram Vilas Paswan, the Union government will shortly introduce a scheme in which employers will have to provide employment cards to the contract workers engaged by them. The card will contain details of the workers engaged on contract basis. At present workers are being deprived of many benefits, especially in the case of accidents. He also sa that the government wou firmly deal with employers wh fail to implement the syste The Centre has also asked t states to strictly enforce t Minimum Wages Act for the we fare of construction worke and agricultural labourers. Th payment of minimum wages w be linked with the price index

A two-day *bandh*

About 1,000 drug compani and 250,000 chemists and dru gists all over the country will o serve a two-day *bandh* on 7 an 8 August, according to an an nouncement by a joint counc of the pharmaceutical indu tries and trade in Bombay. Th council comprises the India Drug Manufacturers Associa tion (IDMA), the Organisatio of Pharmaceutical Producers o India (OPPI), the Phar maceutical and Allied Manufac turers and Distributors Association (PAMDAL) and the All India Organisation of Chem ists and Druggists (AIOCD).

The *bandh* is to protes against the government's mov to amend the drug policy o 1986 and the Drugs (Price Con trol) Order 1987. The changes proposed include a substantia increase in the number of drugs under price control, reducing the category of drugs under price control from two to one, reduction in the manufacturers' maximum allowable post-manufacturing expense and the

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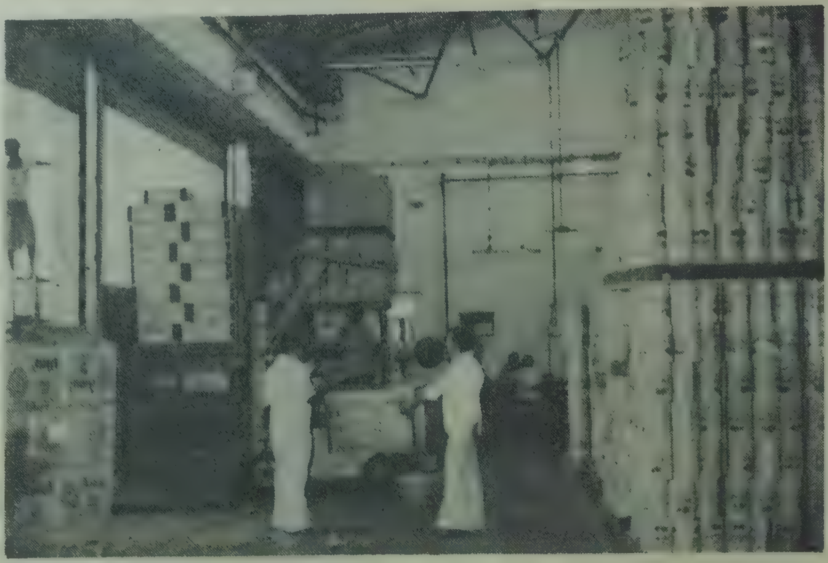
margin or discount for the trade. These changes, if adopted, will undermine the economic viability of the drug industry and trade, it is feared.



Sale opposed

The Metal Box employees union has decided to oppose the proposed sale of the company's unit, liability free. In the objection filed before the chairman of the Board for Industrial and Financial Reconstruction (BIFR), the employees' union decried the board's observation that the employees did not co-operate on the proposed takeover of the company by Balmer Lawrie Ltd.

The union claimed that it was ready to make any sacrifice if Balmer Lawrie was prepared to reconsider its decision of withdrawing the bid. The union has held the proposed unit-wise sale detrimental to the company's and workers' interests. The union said that the workers would not allow the unit to be touched by anyone unless their wages for the 33 months-closure period were paid.

Gearing up to strike

A fresh round of agitation is likely in the Batanagar factory of Bata India Ltd soon, as the management has shown no signs of responding to guidelines laid down by the chief minister for a speedy solution to the labour problems.

According to Monoranjan Roy, the company's union leader, the management had laid off about 1,700 workers in the factory, after the withdrawal of the agitation by the Bata employees' union a few weeks ago. The CITU now proposes to call a day's statewide industrial *bandh* as a protest against the 'anti-labour' decisions of the management.

Shares to workers

The Belapur Sugar Company, near Shrirampur in Maharashtra, has, for the first time in the country, turned into a co-operative by offering shares to workers. It has been renamed the Godawari Co-operative Sugar Factory.

DIARY

DATE	SUBJECT	ORGANISER	VENUE
16 to 18 August	**Marketing strategy in competitive environment**	Corporate Management Consultants Pvt. Ltd., "Lakshya" 8-2-403/1/2 Road No. 5, Banjara Hills, Hyderabad 500034 Tel: 223481	Hotel Krishna Oberoi, Hyderabad
17 August	**Productivity enhancement through information technology**	Media Transasia Information Services, 219 Tulsiani Chambers, Nariman Point, Bombay 400021 Tel: 234775	Sunset suite, The Oberoi, Bombay
20 to 22 August	**Human dimensions of productivity**	Foundation for Organisational Research, Adhitam Kendra, B-18, Institutional Area, New Delhi-110016 Tel: 651927	Savoy Hotel, Ootacamund
20 to 24 August	**Making quality happen**	Qimpro Consultants Pvt. Ltd, 1 C, Sindhu House, Nanabhai Lane, Flora Fountain Bombay 400001 Tel: 2023753	Taj Palace Inter-Continental, New Delhi
20-25 August	**Materials management**	Xavier Institute of Management Bhubaneshwar 751013 Tel: 52446	Bhubaneshwar
22 August	**Disasters and liability management**	Loss Prevention Association of India Ltd, 7 Hare Street, Mallik House, Calcutta 700001 Tel: 289973	Hotel Taj Bengal, Calcutta
28-31 August	**Dealing with unions and unionised employees**	Shri Ram Centre for Industrial Relations and Human Resources, 4 E/16, Jhandewalan Extn, New Delhi 110055. Tel: 519064	Hotel Taj Palace, New Delhi
1 August to 1 September	**Commitment for results — Role of HRD**	Personnel Management and Industrial Relations, TISS Chembur, Bombay Tel: 5510400	TISS campus, Bombay

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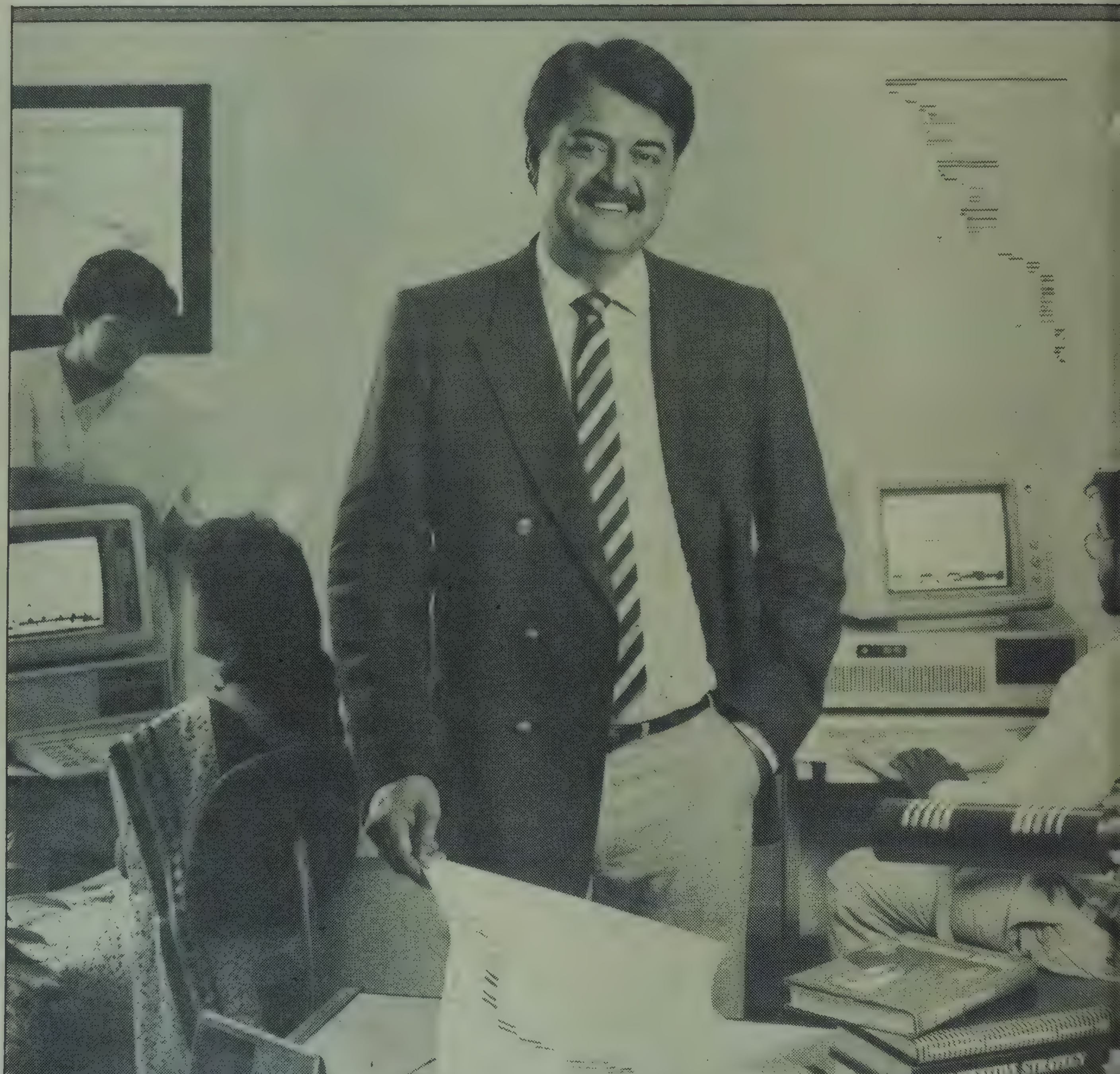
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K.K. RAO

The claims and counter-claims by India and Iran about their financial dues on account of Kudremukh Iron Ore Company Limited (KIOCL) have been "amicably sorted out and Iran has been lifting large quantities of iron ore from us," says chairman and managing director K.K. Rao. The 100 per cent export-oriented unit has ambitious designs for the future. These include another pellet plant with a capacity of 3 million tonnes; a captive power plant of 25.8 MVA and a steel plant with an investment of Rs.1,500 crore. Adds Rao, "Our proposal to set up a sponge iron plant of 0.75 million tonnes capacity per year in Mangalore has been approved. This will be a joint venture between KIOCL and SAIL."

L. LAKSHMANAN

They decided to go in for the manufacture of full shoes instead of shoe uppers, because, "Uppers have no market in India, while shoes are in demand both locally and overseas," explains L. Lakshmanan, managing director, Senthur Shoes Limited (SSL).

"This is our first big venture involving an investment of Rs.4.3 crore," says Lakshmanan. He is aiming high with SSL, which has a production capacity of 2,000 pairs a day. "By December, production will touch 1,000 pairs per day," he adds. The shoes for export will be manufactured from upgraded leather (splits coated with polyurethene film), while those for the local market will be made from leather.

W.T. DRUMMOND

Its 1989-90 turnover of Rs.337.07 crore was not only 20 per cent higher than the previous year (nine months annualised) but also an all-time high. Hence the big expansion plan from the Bangalore-based Madura Coats Limited (MCL).

Says chairman and managing director W.T. Drummond, "We will set up another garment manufacturing unit in 1990-91 in addition to the two existing ones." A good cotton crop, higher productivity and a thrust on exports are the main reasons attributed for the good performance.

Meanwhile, MCL's parent company, Coats Viyella, is still interested in a merger with Tootal, the leading thread manufacturing company in Europe. The price at which Tootal's shares can be bought, however, has still not been decided.

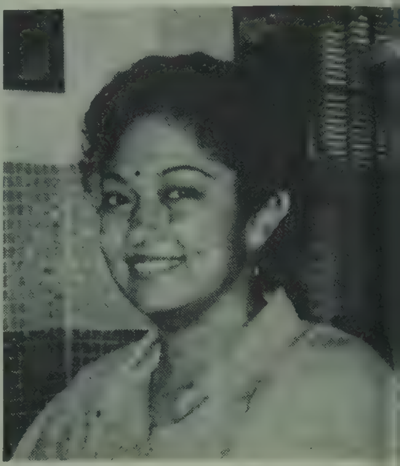
J.R. JAGTAP

The public sector Hotel Corporation of India (HCI) has to contend with two major handicaps — its Srinagar unit has no business and the HCI flight kitchen faces fierce competition from private sector hotels. "This, along with a heavy interest burden and depreciation, has been the cause of HCI substantial losses," says J.R. Jagtap, HCI's president.

But Jagtap is confident about the future. "What we need is to improve our product, create confidence in customers and suppliers and try to retain them," he says. HCI is now contemplating collaborating with an international hotel chain by off-loading its equity. Jagtap is enthusiastic about the proposal. "This will give us more funds and wider market links," he says.

MARY PUNNOSE

Madras is changing fast. One sure sign is the number of upmarket foodshops which are springing up all over town. Farm Suzanne, a recently opened gourmet shop, is the brainchild of Mary Punnose, director, Southern Seafoods, a large seafood exporter from the south. "We have stacked the shop with a large variety of speciality meat, seafood and dairy products. We have custom-built freezers to maintain high quality," she says. Depending on the season, the shop will offer a touch of the exotic, like clams, strawberries and kiwi fruits. "The response is terrific. I think people in Madras have really become adventurous in their food habits," exclaims Punnose.



S. AGARWALA

It promises to be an unusual sight. The chief executives of some of the biggest pharmaceutical firms are going on a procession in New Delhi this week to protest against the government's attitude to the drug industry. And as president of the Organisation of Pharmaceutical Producers of India, S. Agarwala will be out there leading the march.

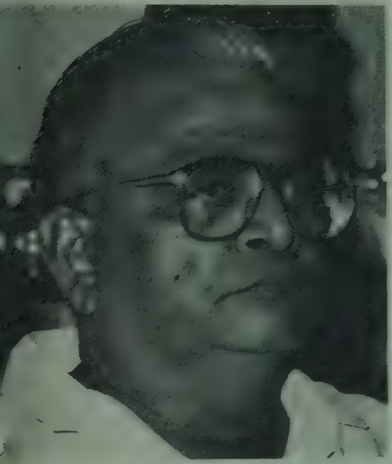
"We are fighting with our backs to the wall," says Agarwala. Joining him in his struggle are the Indian Drug Manufacturers Association, the All India Organisation of Druggists and

Chemists and other associations. They propose to down their shutters for two days in August and then continue the agitation if the government does not appear responsive.

KANTILAL DOSHI

The vice-president of the Clothing Manufacturers Association of India (CMAI), Kantilal Doshi, has an original reason for wearing khadi. With his tongue firmly in cheek just before the 18th National Garment Fair began, he said: "In Gandhi's time, you could not tell lies if you wore khadi. Now people lie even when they wear khadi, so I decided to wear it too!"

Held in Bombay last fortnight, the fair attracted 302 participants. Galvanised by these fairs, the readymade garment industry sees a growth of nearly 30 per cent annually. It is poised to earn foreign exchange from exports worth Rs.3,900 crore in 1990-91, according to CMAI.



RAMESH SACHDEVA

A delegation of five Pune software companies visited Bremen in West Germany recently to participate in the BremTech '90 Fair. Ramesh Sachdeva, managing director of Data Systems & Services, who was one of the participants says, "The visit generated a lot of interest among Bremen businessmen. Indian companies can easily meet the exacting German standards." The visit was organised by the Pune-based Mahratta Chamber of Commerce and Industries (MCCI). MCCI is sponsoring the participation of small and medium industries at the International Procurement Show '90, the ENEX Electronic Trade Fair and INFOTEC '90, all to be held at Singapore.

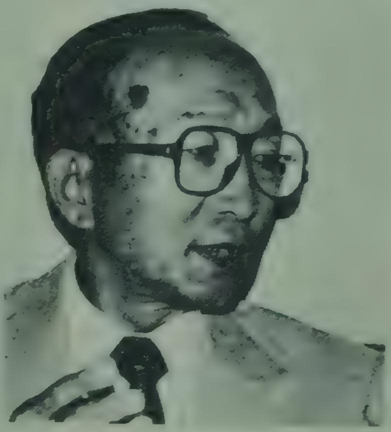
One of the major achievements of MCCI has been the signing of an agreement with the Bremen Chamber of Commerce. Under the agreement the Bremen city administration will finance a two-year export promotion project.

JOHN NORLANDER

ITDC and Radisson Hotel Corporation, Minneapolis, USA have signed a marketing, technical and consultancy services agreement concerning ITDC's flagship property Ashok Hotel, Delhi and its prestigious hotels at Bangalore, Mysore and Kovalam. Last fortnight, John Norlander, president, Radisson Hotels International was in Delhi to sign the agreement which is valid for 10 years. Radisson shall provide global marketing inputs and intensive training free of cost to 15 to 20 ITDC executives annually, and consultancy services on operating systems, computer software, business meeting facilities and equipment. Radisson will receive an annual fee of 3 per cent of the net room turnover of the four selected hotels, in accordance with government of India's approval. Says Norlander, "Through our 'Yes I can' programme we will surely make ITDC a success."

MORIO HAYAMI

A few Indian companies have approached Citizen Trading Company for collaboration in the field of CNC machines and one Indian company is interested in joining hands for the manufacture of 3.5 inch floppy disks, says Morio Hayami, president of that Japanese giant, though he does not want to name anybody. "In India, the demand for quartz watches is going up. Also, mechanical watches will continue to be in demand for some more time," he adds. According to Hayami, the trend of owning more than one watch will catch up in India too, just like in the west. "While we are making fashion-oriented watches, we will, in future, also go in for sports watches, etc," he concludes.



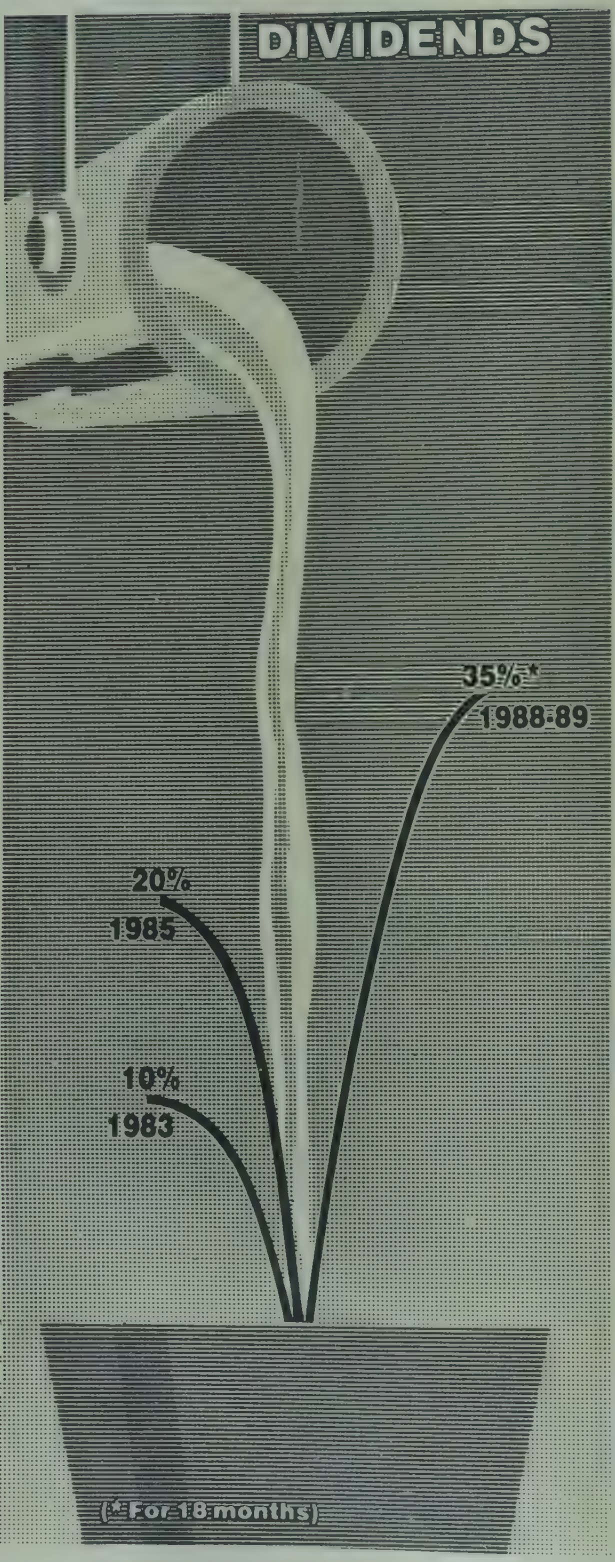
NANCY GREEN

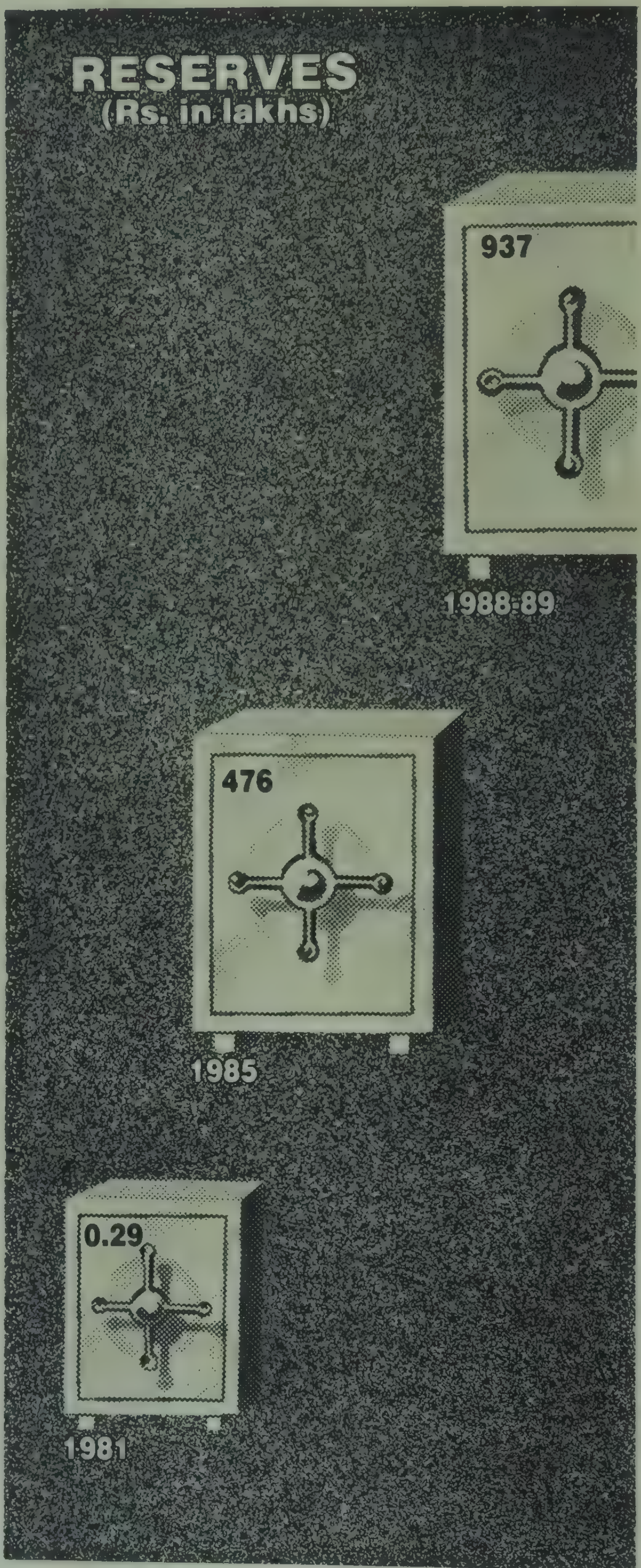
Dialogue, the internationally renowned company in on-line information services will soon tie up with a few Indian publications, according to the company's international marketing manager Nancy Green. The American organisation's computers are already wired to receive AP, UPI and Reuters wire services. Says Green, "Information on all the US companies are available on Dialogue." Clients are charged according to the nature of question, time taken, etc. It may be $60 for processing a question in ten minutes. In India, 60 companies have the "password" to Dialogue, USA.

JEROME LEBON

As vice-president (international sales) of Technomed International, the French firm which specialises in hi-tech medical equipment, Jerome Lebon is constantly on the move. He was in Bombay recently to negotiate the installation of a new piece of equipment, known as prostratron, which has become quite a success in Europe. "We sold nearly 22 machines in six weeks," Lebon said excitedly and explained how in the next couple of years, the machine would revolutionise the treatment of prostate gland complaints. Prostratron is likely to come to this country by the end of this year at the latest, according to officials of Advanced Medical Systems (India) Ltd, who will be selling and servicing the machine in India.

SOME COMPANIES ARE ALWAYS WORTH





MANAGERS TO THE ISSUE

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Merchant Banking Division
New Delhi

State Bank of Patiala
Merchant Banking Division
New Delhi

Standard Chartered
Standard Chartered Bank
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- Flagship Company of the reputed fast expanding Steel Strips Group with a group turnover exceeding Rs. 125 crores.
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- Already implemented a Hot Rolling Mill for value-added product line-light and medium structurals, for greater profitability.
- Debentures Fully Convertible in 18 months.
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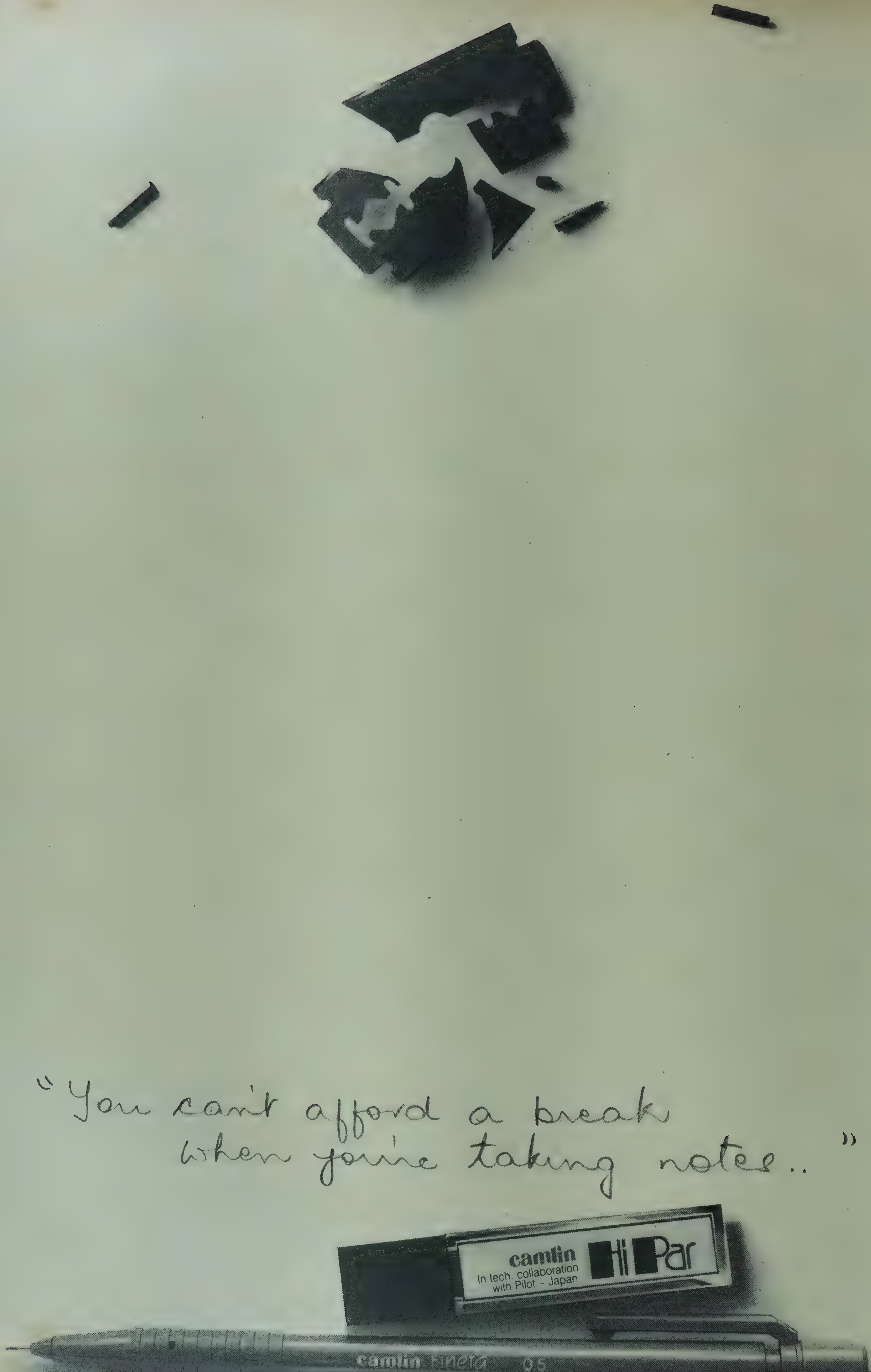
"You can't afford a break
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Hi Par
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A candid confession in the context of Camlin Hi Par from Neeraj Prabhavalkar, a brilliant student of Std. X, Campion School.

"Imagine wasting time filling a fountain pen or sharpening a pencil when the teacher is dictating! What we all need is the Camlin Hi Par 0.5 mm leads," he said finally. We made a note of it.

Camlin Hi Par 0.5 mm leads in technical collaboration with Pilot, Japan.

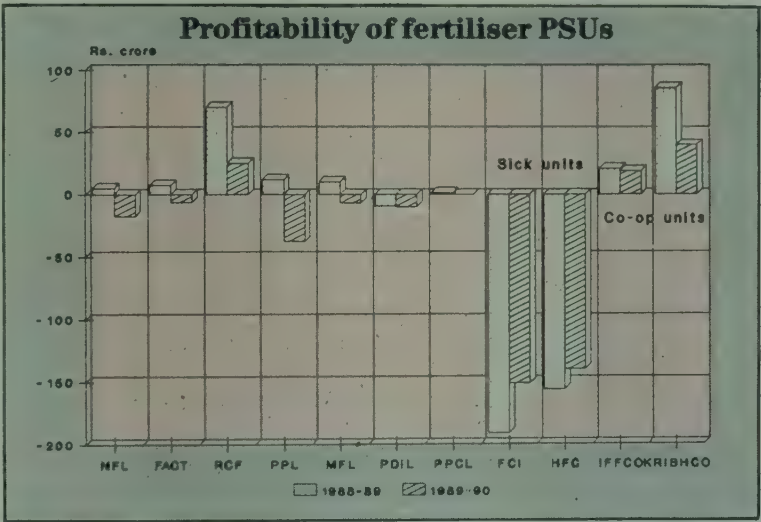
Avenues CP-110-9

FERTILISER PRICING

More change, less repair

Over the last two years fertiliser pricing has looked like a financial merry-go-round. What the government puts into its pocket by strictly controlling prices and thereby cutting subsidies, it loses through the hole in the pocket — the increasing losses of its public sector plants. This month, it changed the pricing norms yet again in an attempt to repair some of the damage it had done through its earlier policy announced last January.

According to the changed policy, the fertiliser industry will now be allowed to depreciate its plants in 15 years instead of 20. This means depreciating at 6.33 per cent instead of 4.75 per cent. "It is definitely a positive step. With this change a standalone fertiliser project should be viable now," says Darbari Seth, chairman of Tata Chemicals, who is setting up a new fertiliser project at Babrala in UP.


Profitability of fertiliser PSUs

Not all will gain. The relief will be available to all units commissioned after April 1982. The units which stand to gain are RCF's plant in Thal, the Hazira unit of Krib Co, IFFCO's Aonla unit, NFL's Bijapur unit and Indo Gulf Fertilisers' Jagdishpur unit. But plants like GNFC which was commissioned earlier, will get less than 6.33 per cent. S.S. Gogia, resident manager, GNFC, explains that as the depreciation rates prior to the last policy was 9.9 per cent, much of GNFC's plant is already depreciated. So on the reduced asset value the rate of actual depreciation will even be less than 6.33 per cent. "This means our profits will be even lower than what the government calculates," says Gogia.

New units will also benefit. The recent announcement also slashed the optimal capacity utilisation rate for coal-based units from 60 to 55 per cent. For gas/naphtha-based units, however, the capacity utilisation norm remains unchanged at 90 per cent from the second to tenth year of operation.

Fertilisers are perhaps India's most tightly regulated industry with the government deciding both prices — through the Fertiliser Industry Coordination Committee (FICC) — and distribution and output, through the department of fertilisers. Since manufacture cannot recover its production costs from the sales of fertiliser, the government subsidised them.

Depreciation is an important element of cost which is taken into account while working out the subsidy amount for a particular plant. So a reduction in the depreciation rate means less money by way of subsidy. Last year's reduction in depreciation caused an alarming drop in the industry's profitability and pushed the public sector plants deeper into the red. Obviously, this means greater budgetary allocation to offset losses and reduced dividends made at some plants from those making profits.

This took the public sector (other than FCI and HFC) from a profit of Rs 96.16 crore in 1988-89 to a loss of Rs 53.02 crore in 1989-90. The corresponding effect of a reduction in subsidy never came about. As production increased, the subsidy also went up. But the annual report of the department of fertilisers claims that due to changes in the pricing policy, the growth in subsidy slowed down.

Vital factor. Depreciation allowances are vital to the industry as they are matched to loan repayment schedules which are substantial for an industry borrowing four times its equity capital. Thus with the lowering of depreciation rates, loan repayments for the entire industry had gone awry. Besides, the incomplete projects of Bindal Agro (Shahjahanpur), Tata Chemicals (Babrala) and Chambal Fertilisers (Gadepan) have slowed down and this has raked up another controversy with GAIL over gas commitments.

Says Pratap Narayan, executive director of the Fertiliser Association of India, "In a highly capital intensive industry, unless there is quick recovery of investment there is no incentive for entry. Besides, internationally, rates for depreciation are rising whereas ours is dropping".

Last year depreciation was cut back from 10.56 to 4.75 per cent which meant that the life of a fertiliser plant was taken as 20 instead of 10 years. Furthermore, the capacity utilisation norms were increased from 80 to 90 per cent along with a 12 per cent post-tax return on net-worth. All these meant a reduction of subsidy resulting in further erosion of the industry's profitability.

FICC calculates costs normatively for every plant separately taking into consideration technology, feedstock and vintage. A norm of 90 per cent meant that the contribution of fixed cost per tonne in total cost was taken as that incurred when the plant was utilising 90 per cent of its capacity. With every increase in production beyond 90 per cent capacity utilisation, fixed costs decline and the profitability of a plant improves. So last year's increase in capacity utilisation norm to 90 per cent from 80 was a blow to the industry. This, however, has not been corrected in this year's change in policy.

The changes made last January were crippling the industry undeniably. The purpose for the change was also defeated as the reduction in subsidy was more than offset by the increased losses of the public sector units. Now, with recent changes, a part of the damage has been repaired. Public sector units may reduce their losses. But the fortunes of efficient private and co-operative sector companies have certainly looked up. This then is the reason for these companies becoming investors' favourites again and their static share prices rising.

■ ARIF SHARIF

FINISHED LEATHER

Phasing out

There is an air of uncertainty among finished leather exporters. According to the recommendations of the T.S. Vijayaraghavan Committee, a quota system is to be introduced for the export of finished leather, effective 1 April 1991. From this date, exporters will be allotted a quota based on their export performance during 1987-88, 1988-89 and 1989-90. The attempt will be to peg fin-

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ished leather exports at the 1988-89 level, with the intention of phasing out its export by the end of the current decade.

Over the past five years, however, there has been a gradual fall in the quantum of finished leather exported, from 65 per cent of total leather exports to 28 per cent in 1989-90. Despite this, the committee has been prompted to introduce a quota system because it foresees a raw material crunch — raw leather shortage in the coming years.

According to estimates, the shortfall in the supply of raw material at the beginning of the Eighth Plan period is 100 million sq ft. This is expected to escalate to 200 million sq ft by the end of the plan period. Already there is an outcry from product manufacturers that finished leather is not available in adequate quantities for conversion. Import of raw skins and hides under OGL is now allowed, but this is an expensive alternative. "Besides", product manufacturers say, "we should conserve our foreign exchange by making use of leather that is available domestically."

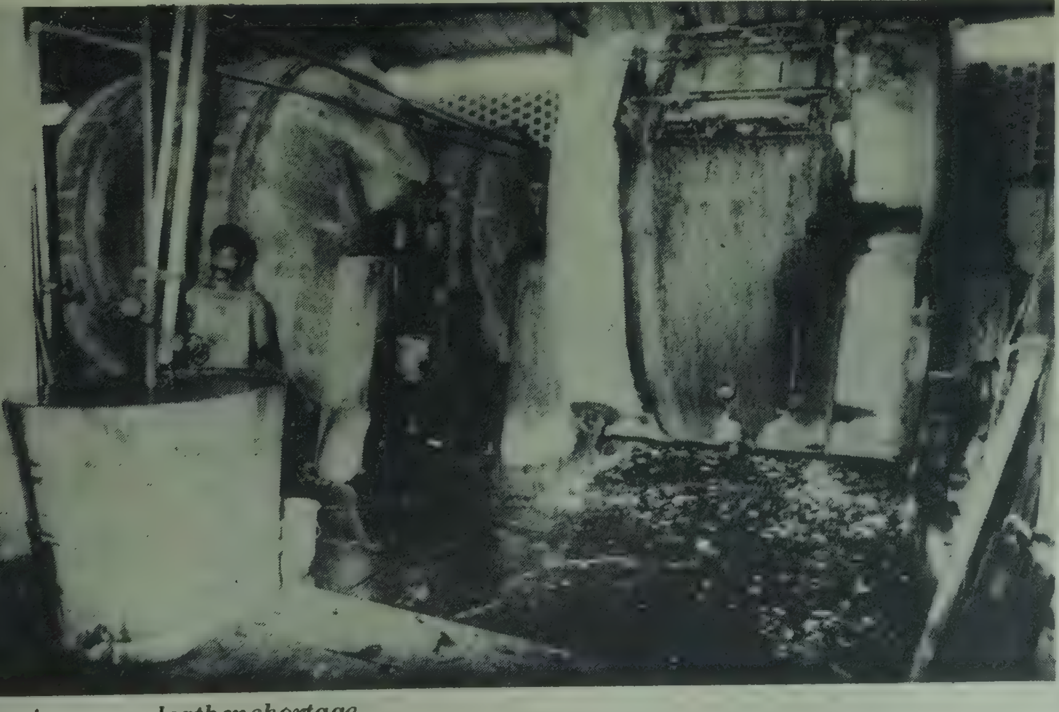
Inadequate supply. Finished leather manufacturers maintain that the quota is unlikely to solve the problem of inadequate supply. The problem, according to them, lies in the price offered by product manufacturers. "Indian product manufacturers are looking for leather from as low a price as Rs.15 to Rs.21 per sq. ft." says R.Y. Ghaitonde, chairman of the Madras-based Ghaitonde group of companies. L. Lakshmanan, managing director of Senthur Shoes Ltd too is doubtful "whether Indian companies have the capacity to absorb this leather".

The finished leather manufacturers maintain that there is no demand locally for higher priced finished leather of a better quality. Further, there is little local demand for lighter varieties of leather like goatskin. Apart from the better price realisations available abroad, exporters of finished leather will lose two major benefits by selling their products locally. Finance at concessional rates for exports will no longer be available. Further, export earnings do not attract income tax. Other benefits, including the facility of importing chemicals for tanning, will also vanish.

Side-effects. Finished leather manufacturers are of the opinion that finished leather sold to manufacturer-exporters should be viewed as "deemed exports". But this, according to an informed source, is unlikely, "since the vast majority of finished leather manufacturers are not in the organised sector.

The quota will, in effect, force finished leather manufacturers to consider going in for value addition. However, industry sources point out that the government should ensure that finished leather manufacturers are not hurt in the transition period. As one industry insider points out, "A total ban will affect future development." In view of this, though a complete phasing out is the ultimate objective, the committee, it appears, has recommended a periodic review to study the impact of this measure on the industry.

■ DHARANI K. PANI



Forseeing a raw leather shortage

SEAFOOD PROCESSING

Rising storm

Ill winds seem to be sweeping across Kerala, the country's principal source of marine exports. First it was a ban on monsoon trawling (see *Business India*, 9 July 1990). Then, an indefinite closure was clamped down on seafood processing factories and peeling sheds, effective from 10 July. The cause — an agitation by seafood exporters, peeling shed owners and commission agents to pressurise the state government to amend the Kerala Fishermen Welfare Fund Act.

Immediate effect. According to M.K. Abdul Ghafoor, president of the Peeling Shed Owners Association, 286 peeling sheds and 78 freezing plants have closed down. The agitators have blocked the movement of fish catches along Kerala's national highway. The effect was immediate. With commission agents also boycotting the market, prices of prawns, the mainstay of India's marine exports, plummeted.

One exporter, observed that three days after the agitation began, a kilo could fetch only Rs.30 in Cochin, against the pre-agitation price of Rs.140. A spokesman of the joint action council spearheading the agitation claimed that about 5,000 kg of prawns caught on the eve of the agitation could fetch only Rs.3 lakh, because no exporter was interested in the catch. Under normal circumstances, this quantity would have raked in Rs.20 lakh. C. Cherian, president of the Seafood Exporters Association of India, pointed out that the country is losing about Rs.1 crore daily in foreign exchange.

In the heat of the agitation, such claims and statistics often appear mutually exclusive or even contradictory. But the fact is that seafood exports are already hit and, if the agitation continues beyond two weeks, many of the exporters and processors will shift operations to the neighbouring states of Tamil Nadu and Karnataka.

The Fishermen Welfare Fund Act, stipulates that seafood exporters contribute one per cent of their annual turnover to the fund. Export turnover is always high (ranging from Rs.2 to 40 crore) owing to the good international price for prawns. But exporters argue that the Act is unfair to them because their actual profits do not amount to even half their turnover. On the other hand, the Act enjoins the owner of a boat to pay only between Rs.1

THE TATA ENGINEERING & LOCOMOTIVE COMPANY LIMITED

Statement of the Chairman, Mr. Ratan N. Tata, for the year 1989-90

The year has been an eventful one for Telco. The Company achieved record levels of production, sales and profits during the year. Exports also scaled new peaks. The industrial relations problems which prevailed for several months in Pune tested our principles and our character. Our ability to stand by our convictions, overcome the crisis, rebuild our relations with our workers and register growth at the same time, has given us a sense of great fulfilment.

Early in the year, the passing away of Mr. Moolgaokar – the main driving force and visionary in Telco for 45 years – marked the end of an era. His relentless drive and high standards have become a part of Telco's culture. His physical presence and his deep personal involvement will, however, be missed by all.

THE AUTOMOBILE INDUSTRY

The healthy demand in India for commercial vehicles and passenger cars continues to be driven by the prevailing buoyancy in the economy. The higher level of industrial production and the corresponding increase in the movement of goods has given a boost to the road transport business. The increase in urban transport through Light Commercial Vehicles (LCVs) has also seen growth.

While there is reason to believe that this encouraging trend will continue, we should consciously recognise that the existing road system, which is grossly inadequate, will be a limiting factor for the growth of road transport. The up-gradation and enhancement of the road and highway infrastructure in the country to expedite the transport of goods and people deserves urgent attention, and should receive the same priority as rural electrification and communications as an important element of national development.

TELCO'S COMMITMENT

The global automobile industry is undergoing a major change. Fuel economy, pollution control, safety and increased reliability have become major issues.

Telco has imposed upon itself a commitment to meet these world standards on its vehicles. This will call for revised design criteria for Telco's products, as well as substantial investments in new manufacturing techniques, processes and quality control. Although the domestic market may not require such product capabilities today, Telco intends to lead the way and give the Indian customer vehicles of superior performance, safety and reliability.

In the changing world of today, it would be short-sighted for any company in India to confine itself to merely meeting the requirements of the local market. Enterprises in India will need to take a global view and condition themselves to providing goods and services of international standards in a competitive market. Telco has aggressive plans for the export of its vehicles to existing markets in Africa, the Middle East and the Far East. Opportunities are also emerging for the export of vehicles to certain European countries, and these are being actively explored.

In addition to Telco's own export thrust, active discussions are in progress with Daimler-Benz, regarding the possible manufacture and export of major aggregates and selected vehicles to Daimler-Benz and their affiliates. The revitalisation of an association with Daimler-Benz will be of great value and prestige to Telco. A closer relationship between the two organisations will definitely prove to be mutually beneficial in addressing specific market segments.

PASSENGER CARS

The launch of the Tatamobile 206 pick-up truck in 1988 marked the entry of Telco into the passenger vehicle segment. While the 206 is indeed intended to be a load-carrying vehicle, it embodies the exterior and interior finishes and handling akin to that of a car. The 206 is particularly noteworthy as it is the outcome of a totally internal development programme in Telco, with no foreign collaboration. Based on the 206 platform, Telco plans to launch two new passenger vehicles towards the end of the current year. They are the "Estate" Station Wagon and a Sports Utility Vehicle (SUV). Both will have car interiors and an abundance of convenience and safety features.

The Company is also assessing the different design routes towards developing a new indigenous full-fledged passenger car which could be launched in about three years.

EXCELLENCE

For Telco to protect its leadership position in the engineering industry, it is essential that the quest for excellence be one of the Company's most important pursuits, which will never be compromised.

The men and women of Telco constitute the Company's greatest asset. Excellence and high standards can only be attained if these are embodied in them. The challenge will be to ensure that they work in a stimulating environment where motivation, creativity and productivity are encouraged. I am confident that with the great talent and competence which exists in the Telco team, the Company will cross major milestones and continuously achieve outstanding results in the coming years.

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

and Rs.1,000 (depending on the size of the boat) for a period of nine months only.

"This is clearly discriminatory," fumes Cherian. "Moreover, the Act does not envisage an employer-employee relationship. We are not against the fishermen's welfare but we want our own workers to benefit too." While exporters in Karnataka and Tamil Nadu do not labour under such compulsory contributions, competing Kerala exporters do not enjoy even a 0.25 per cent price advantage.

A sea food processing unit: losing out on foreign exchange

Liabilities incurred. The fund entails a minimum annual liability of Rs.5 lakh for even the smallest of exporters. "We have been opposing the Act since it was introduced three-and-a-half years ago. We have made representations to the government several times, but got no definite reply," says Cherian. However, Kerala's fisheries minister T.K. Ramakrishnan charged the exporters of placing difficult preconditions for a meeting.

According to Ramakrishnan, the exporters owed Rs.2.54 crore to the fund; the government had launched revenue recovery proceedings against 41 exporters for Rs.49.6 lakh. He also claimed to have offered a 25 per cent deduction of cost from the turnover. In effect, the government was willing to sacrifice Rs.45 lakh of the Rs.1.75 crore initially estimated to be the total contribution of the exporters.

Impartial observers concede that this agitation is legitimate and fair, but many wonder about its timing. With the trawling ban in force, the current protest could well be a deft ploy by the export lobby to get back at the traditional fishermen and the state government. Already, exporters have approached the Union commerce ministry seeking intervention.

The fall in fish prices is already worrying the traditional sector. A.J. Vijayan, general secretary of the Kerala Independent Fishworkers Federation, charged the managements of the processing units of deliberately closing shop, to put the traditional fishermen in trouble.

Cherian is also sore with the Marine Products Export Development Authority (MPEDA) for not taking a strong stand on the issue. As its vice-chairman for 14 years, Cherian expected MPEDA to support the striking exporters. In the circumstances, MPEDA is ready to take the matter to court and legal counsel indicates that the ball is in the court of the exporters. But before that can be tested, the Kerala government had better work out a compromise. Otherwise, the subject of marine exports will continue to be stormy, long after the monsoon.

■ K.G. KUMAR

GRANITE EXPORTS

Roughening the way

The fears of granite exporters have come true. The scope for rough granite exports was earlier narrowed down in Tamil Nadu (TN), where government policy was clearly in favour of value addition. In August 1989, the TN government had introduced a tender system for the allotment of quarries, emphasising the need to set up a processing unit to qualify for such allotment (see *Business India*, 2 October 1989). Exporters in Karnataka and Andhra — the two other major exporters of granite — had feared that it would, sooner or later, affect them as well. And indeed it did. Karnataka followed suit.

On 22 May, the Karnataka government passed an order stating that leases of quarries on government land would be allotted only to entrepreneurs already engaged in the cutting and polishing of granite, or those with a distinct programme for setting up a processing plant. Andhra Pradesh now remains the only major granite producing state which has not clamped down on exporters of raw granite.

Differing views. During 1989-90, exports of raw blocks amounted to Rs.125 crore, while polished granite fetched Rs.22 crore — currently, a cubic metre of raw granite is priced at $650 to 2,000. The government's view is that the export figures could double if value addition were enforced. But the industry thinks otherwise. "We have to follow the pattern of demand overseas," observes R. Veeramani, president of the All India Granite and Stone Manufacturers Association.

Japan and Italy are the largest buyers of Indian granite, and there is a large demand for rough blocks in the form of garden stone, kerbs, etc. "Polished slabs are used as monument stones, and the demand in this case is fixed," says Veeramani. Huge production capacities for finishing granite have been created in the FRG, Italy, Japan and South Korea, all of which are major importers. Also, considering that at present 70 per cent of the export is in the form of rough blocks, exporters feel that the shift to value addition should be gradual. "It will take time for exporters to acquire the requisite machinery to match the prevailing international finishing standards," he maintains.

Crackdown on raw granite exporters

India's export to Japan has been decreasing steadily over the years — a market share of 31.72 per cent in 1980, had been halved to 15.38 per cent by 1989. Simultaneously, China, which held 11.33 per cent of the Japanese market in 1980, now commands 23.92 per cent. Exporters attribute the drop in India's market share to the changing policies.

New units. The other main irritant is the entry of a large number of new units. The scramble for available leases has become more intense, with more people in the race. "The government has no statistics regarding granite availability or its marketability," maintain leading granite exporters. "Out of the 200 licences granted on an all India basis to set up 100 per cent export oriented units, hardly 35 have been implemented," says an exporter. Lack of bank finance is cited as one of the reasons for the tardy implementation of these projects.

At a seminar held in Madras recently, exporters pointed out that while expansion projects and new projects involving an investment of up to Rs.3 crore have been cleared by the banks, with refinance support from the Exim Bank, applications for larger projects are still pending clearance.

To make matters worse, the TN government which opened tenders for the allotment of quarry leases for black granite in February, has still not given the allotment letters to the applicants. In all, 107 firms including major industrial groups participated in the tender.

The financial burden on the individual entrepreneur has been mounting. "The sense of urgency, so necessary for success in exports, is just non-existent as far as the state government is concerned," complains Veeramani. With an export target of Rs.140 crore in rough stones, and Rs.60 crore in polished granite during 1990-91, it is time all rough edges are smoothed out.

■ DHARANI K. PANI

STATION COMPLEXES

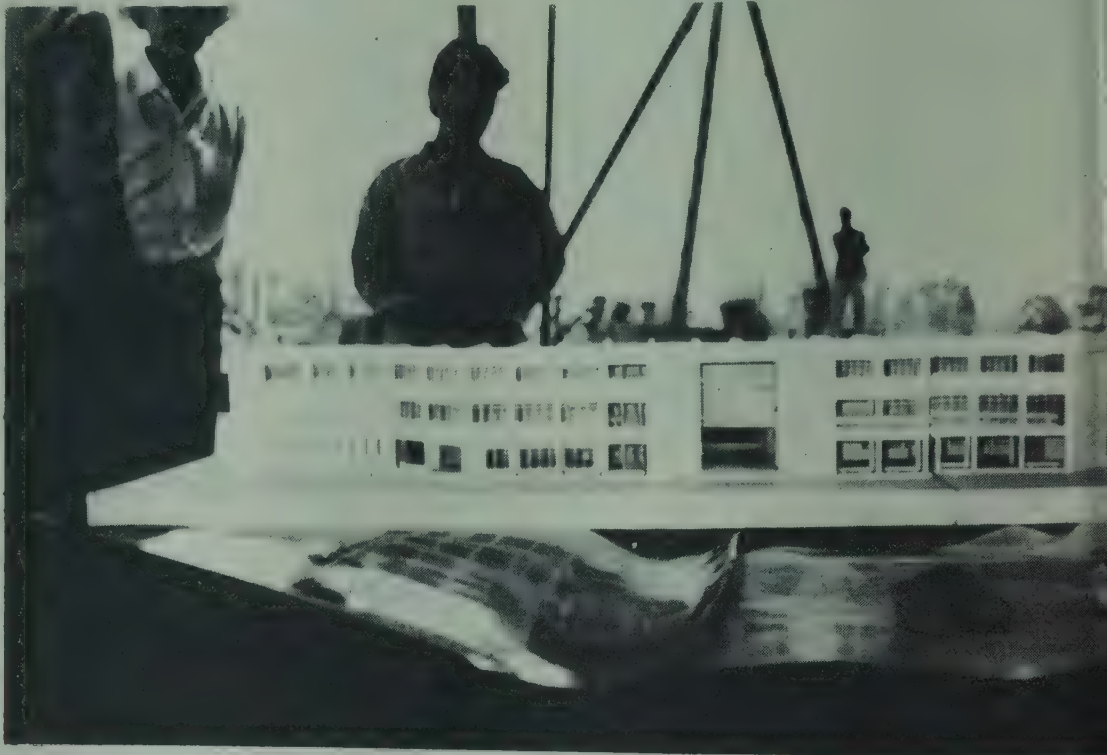
CIDCO's significant move

The project, when it materialises, will be a unique example of co-operation between the public and private sectors. At each of the seven stations coming up along the proposed railway link between Mankhurd and Belapur on the outskirts of Bombay, the City and Industrial Development Corporation (CIDCO) will sell commercial space.

Each of the seven complexes is designed to be more than a mere railway station. The ground floor will be the station proper and offices and shopping centres will be housed above. Nearly 60 per cent of the work has been completed at Juinagar station and in about nine months time, the complex will be ready. The cost of building this structure: approximately Rs.8 crore.

The entire project is expected to be ready by 1992. This Rs.100 crore plus mega project is spread over a total area of 10,00,000 square metres, and of the station complexes, Vashi and Belapur are to be the largest. However, the entire project will be executed in stages. Finance for construction will be obtained partly from CIDCO (67 per cent) and the rest from the railways, bank borrowings, the public and institutions like HUDCO.

The National Building Construction Company (NBCC) has bagged the major chunk of the construction contract. This includes work on the Juinagar, Vashi and Belapur stations. The rest of the work is being handled by private parties like the Shah Construction Company. The Vashi-Belapur project, commissioned two months back, will involve around Rs.65 crore and will be completed in about one and half year's time. Design and planning of the stations are being supervised by the Indian Railways Construction Company (IRCON).



Model of Juinagar station complex: provision for shops and offices

Enticing businessmen. What made CIDCO come up with such a unique scheme? "We were first attracted to the concept of not only enticing businessmen to these out-of-the-city places but also providing them with the necessary commercial infrastructure for setting up business. Besides, one could save on travelling by having shopping centres and o
fices all in the same premises," says R.
Sinha, managing director of CIDCO. Thi
line of reasoning is in keeping wit
CIDCO's goal: to develop residential an
economic townships away from Bomba
city.

CIDCO's plans revolve mostly aroun
the "counter-magnet" experiment whic
aims at decongesting Bombay throug
development of adjoining areas. This ha
so far proved unsuccessful due to disma
transport and communication facilitie
For example, while the industrial town o
Thane is linked to Bombay by road, rai
and direct telephones, the New Bomba
sector still has to make do with the roa
link and STD hook-up.

Speeding-up development. These noda
points beyond Vashi are presently littl
more than residential townships. However, the completion of the railway line is expected to organise and accelerate the development process. The commercial potential of these areas is likely to be further enhanced by their proximity to the new Jawaharlal Nehru international port at Nhava-Sheva, and to the gigantic truck terminal complex coming up at Kalamboli, which will also house the majo wholesale market (steel, agricultural produce, etc) which is shifting from the city proper. Thus CIDCO's entry into developing station complexes is both strategic and significant.

■ SHAMPA KAR

Swissair Customer Portrait: Suresh Talwar, Company Director
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Passenger ticket
Flugschein
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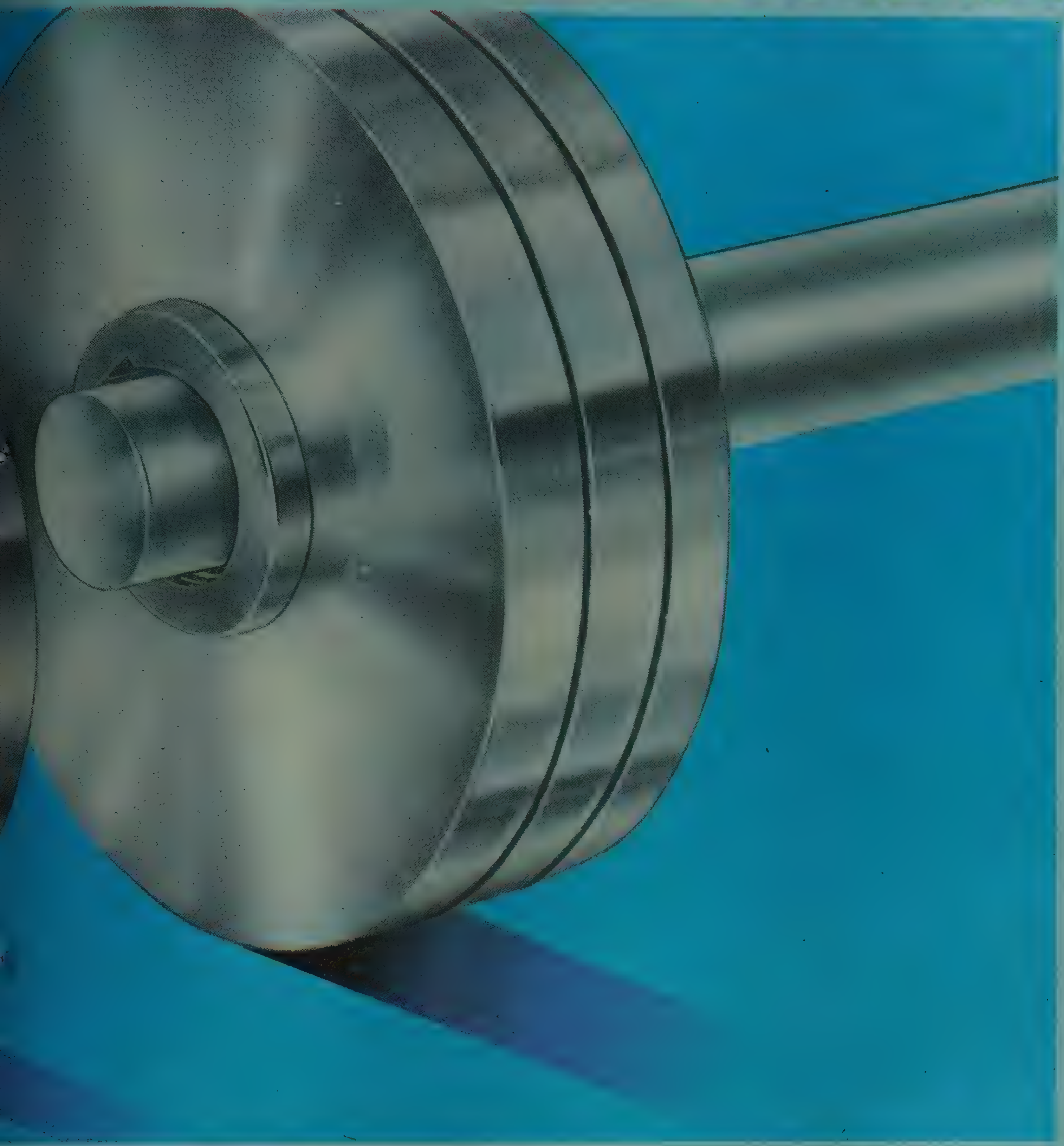

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Restructuring exercise

Ever since Vijay Mallya was inducted into the board of the Madras-based Best & Crompton Engineering Limited (B&C), in May 1989, the emphasis has been on restructuring operations (See *Business India* 12 June 1989). For the year ended 31 March 1990, sales and other income increased by 21 per cent, to Rs.179.14 crore (Rs.147.90 crore), profit before tax amounted to Rs.1.51 crore (Rs.78.15 lakh), while profit after tax rose to Rs.1.45 crore (Rs.52.93 lakh).

"A series of short-term measures have resulted in improved performance. B&C is now getting set to implement long-term measures to restructure its finances," observes R. Ranganathan, executive director, finance. Short-term measures include infusion of funds — both directly and by way of guarantees — to the tune of Rs.6 crore. The UB backing has helped attract fixed deposits for B&C to the tune of Rs.1.5 crore, just six months after the UB takeover.

Conscious decision. B&C has taken a conscious decision to shed its loss-making units. Three C Systems, for example, has been wound up, and its profitable controls division has been converted into a division of B&C. Another subsidiary, Masoneilan (India), manufacturing control valves, liquid level controllers etc, has been taken out of the B&C fold. The UB group has bought over 75 per cent of the equity held by B&C and the Madras-based Indchem Limited.

Companies which will definitely remain in the B&C fold include Beacon Weir, Beacon Rotork and Krest Development and Leasing Ltd and Beacon Kone, which has turned in good results. Plans for Beacon Kone, which manufactures lifts, have also been finalised. B&C will disinvest to bring its holding down to 49 per cent. Kone Corporation and Finnfund, which now hold 40 per cent of the equity, will increase shareholding to 51 per cent, pending approval.

"And in order to keep up with the times, B&C has drawn up a Rs. 55 crore plan, spread over the next three years," to meet the costs of modernisation, technology upgradation and expansion of activities", according to Vijay Mallya, chairman, B&C. But resources are still not available in abundance, therefore B&C, which does not want an immediate interest commitment, has submitted a proposal to raise Rs.33 crore through a rights issue of zero interest bonds.

The mood is upbeat. The order book position in transmission lines and sub-stations amounts to Rs.72 crore, including projects in Malaysia (Rs.33 crore), Saudi Arabia (Rs. 32 crore) and Qatar (Rs. 7 crore). B&C anticipates a turnover of Rs.200 crore for 1990-91, with subsidiaries contributing an additional Rs.50 crore turnover.

■ DHARANI K PANI

STANDARD MOTORS

No end in sight

When last heard of, the revival of the Madras-based Standard Motor Products of India (SMPI) still hinged on the ability of the management to bring in Rs.5.5 crore to implement a voluntary retirement scheme (see *Business India*, 2 April 1990). The expectation was that the company, which had approached the Board for Industrial and Financial Reconstruction (BIFR) for assistance, and which has been closed down since February 1989, would be finally out of the doldrums.

But relations between A.C. Muthiah, vice-chairman and president of SPIC, the fertiliser giant, and the state government had reached a nadir around May. Muthiah, who had acquired a 44 per cent equity stake from the original promoter, declared he could bring in only around Rs.2.5 crore of the total Rs.5.5 crore package. The Tamil Nadu government was unwilling to put in the additional Rs.3 crore as it did not want to set a precedent for other sick companies. At another BIFR hearing, the Tamil Nadu government made clear that it would not bring in the money but would look for a new promoter.

Now, in a sudden volte face, the state government has offered to loan Standard Motors Rs.3 crore for reopening. What will Muthiah's reaction be? According to informed sources, he had planned to bring in around Rs.2 crore from SPIC. But the events of the last few months have curbed his control over the company.

Muthiah chargesheeted. With its 26 per cent shareholding in SPIC the state government has begun to assert itself by appointing the chief secretary, M.M. Rajendran, as chairman in place of M.A. Chidambaram, Muthiah's father. And last fortnight, Muthiah was chargesheeted by the Tamil Nadu CID for misappropriating funds from Southern Agrofurane Ltd, a joint sector company promoted by SPIC and TIDCO.

Muthiah: in trouble vs TN government

It is now doubtful whether Muthiah would want to hold on to the company any longer. Apart from the Rs.5.5 crore settlement, another important question is whether IDBI and the banks will service the unit: Indian Overseas Bank, the company's earlier bankers, has decided to stop further financing as it has already locked up over Rs.25 crore.

In the search for a new promoter, Ashok Leyland was approached. According to its managing director, R.J. Shahaney, the proposal by the IDBI and the BIFR is not acceptable. But whether the latter bodies will agree to a major revision of the assistance programme is doubtful.

Despite all the problems affecting the company, another contender is the UB Group. Chairman Vijay Mallya has said that he is definitely interested in at least considering a takeover. But questions still remain unanswered. What is the future of the Standard 2000? Mallya says the car needs a new engine, which means more investment and possibly foreign exchange outflow. And can the company's light commercial vehicles stand up to the Japanese challenge?

The Tamil Nadu government seems committed to Standard Motors. "We are willing to explore all the avenues possible," says Rajendran. But the solution seems as elusive as it has been for the last 18 months.

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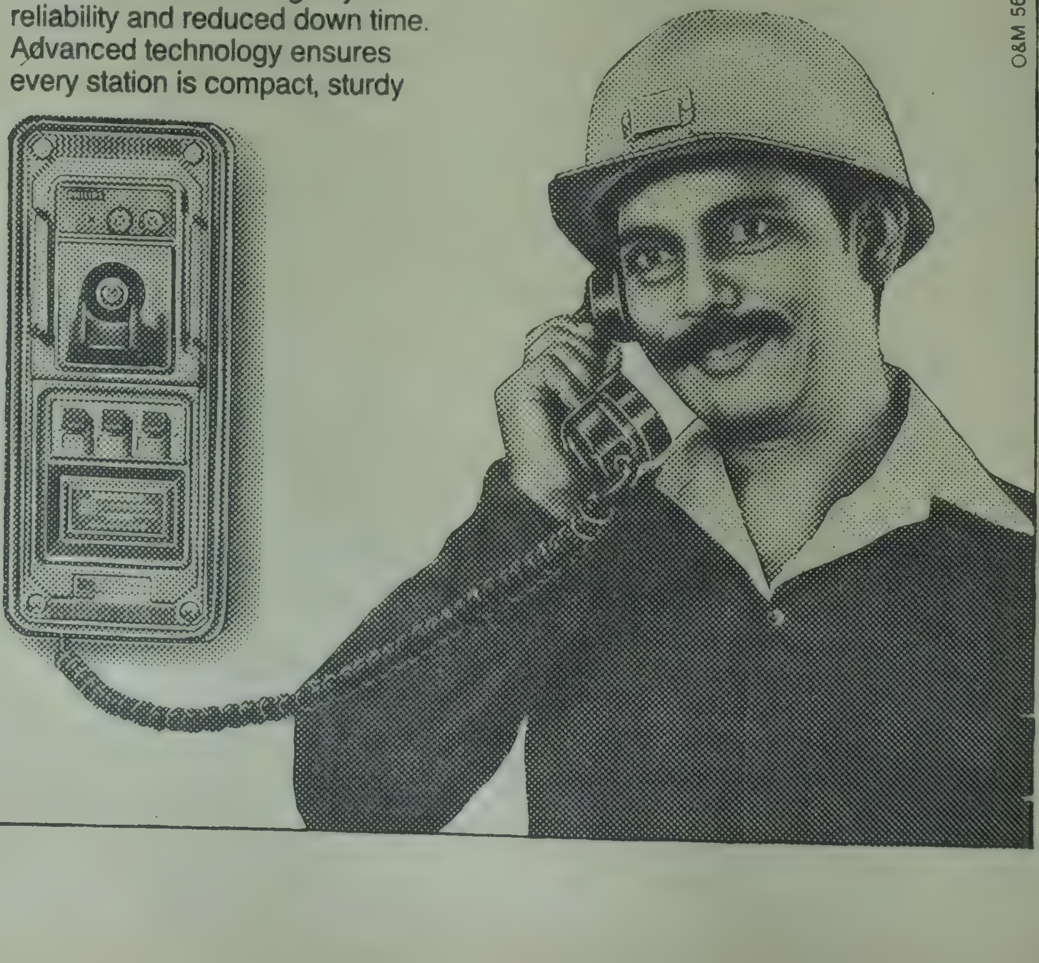
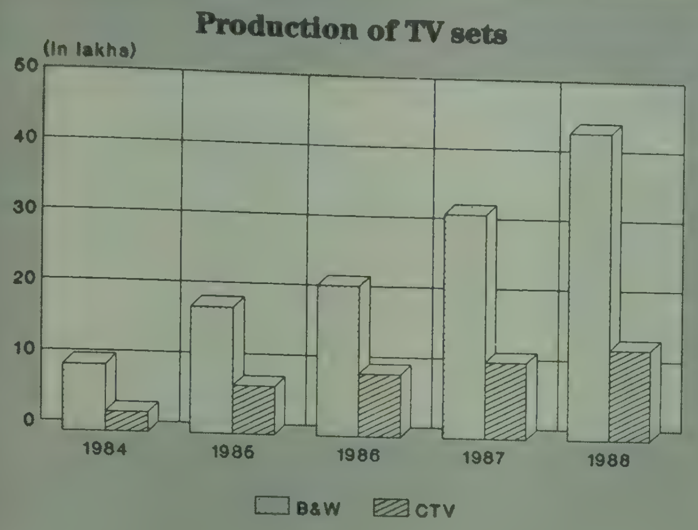
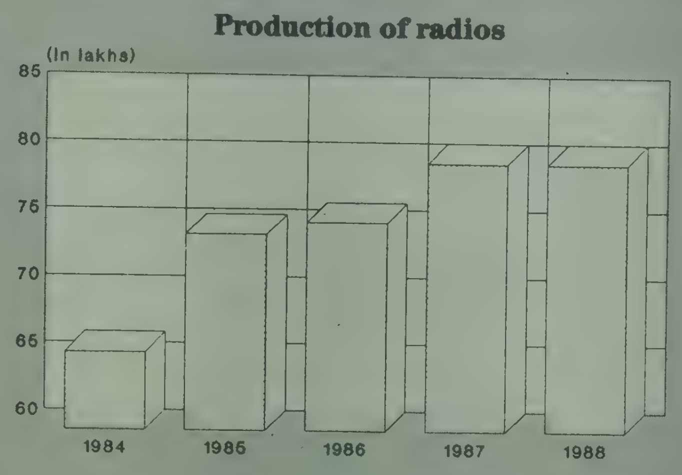




Production of both B&W and colour TV (CTV) sets has picked up in recent years. Even though production of CTV sets has been growing, they still account for less than 25 per cent of total production. In 1987-88, there were over 500 units producing TVs, of which more than 450 were in the small scale sector.



Production of radios has been stagnant in the last few years. The stock of radios has reached 72 millions and is expected to go up to 110 millions by 1995. This rather slow growth is attributed to the high density of radios, which is around 70 per 100 families.

Wholesale price index: There was a sharp increase in the all commodities index by 1.49 per cent in the month of July 1990. This increase is mainly due to a rise in the price of primary articles. The price of manufactured products, on the other hand, has been relatively steady.

(1980-81 = 100

	7 Jul '90	5 Jun '90	8 Jul '89	% change over month	 year
All commodities	177.5	174.9	163.2	1.49	8.76
Primary articles	181.3	176.2	163.1	2.89	11.16
Manufactured products	177.4	175.8	164.7	0.91	7.71

Consumer price index: The consumer price index for industrial workers is up for the fifth consecutive month. Though the increase per month is marginal, if the cement trend continues, the year could end up with double digit inflation. The index for urban non-manual workers is following more or less the same trend.

	May '90	Apr '90	May '89	% change over month	 year
Industrial workers (1982=100)	182	180	169	1.1	7.7
Urban non-manual workers (1984-85=100)	153	151	144	1.3	6.2

Money and banking (scheduled commercial banks): In keeping with government policy, control has been placed on broadmoney (M3); this means that the increase will be minimal. Bank credit which had shown a declining trend earlier has risen marginally. Food credit has stabilised at around Rs.3,900 crore. *(Rs. crore)*

	13 Jul '90	25 Jun '90	14 Jul '89	% change over month	 year
Broadmoney (M3)	2,37,985*	2,37,810†	2,03,255‡	0.07	17.09
Aggregate deposits	1,72,983	1,71,628	1,47,807	0.79	17.03
Bank credit	1,04,606	1,03,837	89,023	0.74	17.50
Food credit	3,933	3,917	1,579	0.41	149.08
Credit/Deposit ratio	60.47	60.49	60.23	-0.03	0.40

** 29 June 1990 † 30 May 1990 ‡ 30 June 1989*

Industrial production and infrastructure: There was a sharp increase in the index of industrial production in March 1990. In the month of May, railway freight increased by 8.1 per cent and there was a decline in the production of crude oil and power generation. Steel production, on the other hand, rose by 6.3 per cent in June after declining by 14.2 per cent in May 1990.

	Latest month	Previous month	Year ago	% change over month	 year
Industrial production index (1980-81=100)	255.3(3)	206.3	208.1	23.7	22.7
Railway freight (million tonnes)	26.20(5)	24.24	23.75	8.1	10.3
Crude oil production ('000 tonnes)	2875(5)	2934	2825	-2.0	1.8
Power generation (mill units per day)	705.7(5)	710.3	624	-0.70	13.0
Coal production (lakh tonnes per day)	4.8(5)	4.8	4.5	—	6.6
Steel production ('000 tonnes)	639(6)	601	615.6	6.3	3.8
Cement production ('000 tonnes)	3902(5)	3720	3740	4.9	4.3

figures in bracket indicate months.

Bullion prices and stock market index: While the price of gold has been steady at around Rs.3,300, that of silver has increased by over Rs.200 per kg. Chances of prices going up in the near future are remote. The Bombay stock exchange index is up by a hefty 21.5 per cent. The rise has been due to the favourable monsoon and liberalisation measures announced by the government.

	28 Jul '90	29 Jun '90	2 Jul '89	% change over month	 year
Gold (Bombay)	3,310	3,260	3,075	1.53	7.64
Silver (Bombay)	6,889	6,646	6,843	3.66	0.67
BSE Index (1979-80 = 100)	1033.15	850.50	792.17	21.52	30.42

(Price of gold in rupees per 10 gms and silver in rupees per kg)

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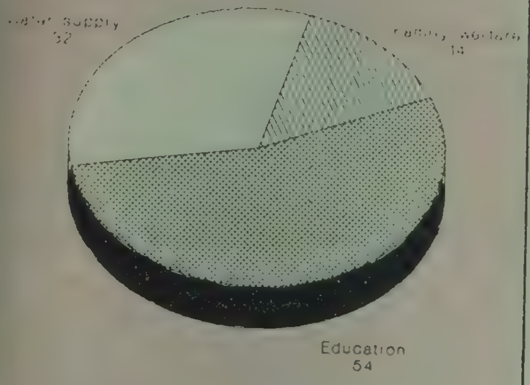
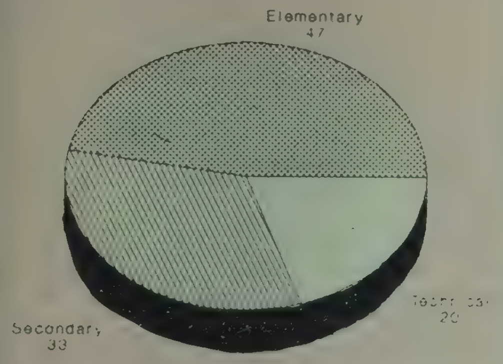
Anti poverty schemes: tardy implementation

Break-up of health expenditure
1986-87 (per cent)



Break-up of education expenditure
1986-87 (per cent)



It is indeed a tragedy that despite claims of high GDP growth, the success of the green and white revolutions, and the growth in industrial production, a large section of the Indian population lives in poverty. Even though there are no definite figures quantifying poverty, it can safely be said that around 50 per cent of the people — around 400 million — are very poor. Government agencies have claimed that the incidence of poverty has declined over the years, but the fact that poverty, in absolute numbers, has increased cannot be denied.

Among the different poverty alleviation schemes launched over the years, the more significant are the integrated rural development programme (IRDP), the national rural employment programme (NREP), and the rural landless employment guarantee programme (RLEGP). IRDP is not only a subsidised credit scheme but a vehicle for endowing the poor with assets. But, at best, it has been successful in parts. Evidence suggests that IRDP has not succeeded in providing viable income-earning opportunities for a large section of the poor. And this, after distributing Rs.8,500 crore as loans and Rs.4,750 crore as grants among thousands of families all over the country.

Multiple goals

The key objective in the NREP and RLEGP schemes is to create some form of livelihood. These programmes have pursued multiple goals like the construction of durable and productive rural works and providing financial and organisational support to panchayati raj institutions. But, unfortunately, this has diluted the efficacy of these programmes.

Poverty is multidimensional. A.M. Khusro, a former member of the Planning Commission, proposed a distinction between 'food poverty', 'health poverty', 'educational poverty' and 'poverty of the consumption of industrial goods'.

There is no dispute about the fact that education, good health and rudimentary skills are absolutely necessary to get out of the poverty trap. The government is aware of the unsatisfactory health and educational status of the poor. The national policy on education aims at achieving universal primary school enrolment, but there are many constraints. The infrastructure is not adequate and secondly the quality of the teachers leaves much to be desired. This, in turn, leads to a high dropout rate.

Similar problems have been encountered in the health sector. Proper evaluation has shown that the primary health and family welfare systems are functioning at low efficiency levels. Unfortunately, in states having the highest mortality and fertility rates, coverage of the poor remains limited.

The slow progress in education and health is due to inadequate funding and tardy implementation, leading to a waste of resources. Even though government expenditure on education increased from 2.6 per cent of GDP in 1976-77 to 3.4 per cent in 1986-87, it is far below the levels needed to achieve objectives such as universal elementary education and the eradication of illiteracy.

Public spending on health related services amounted to only 1.6 per cent of GDP in 1986-87. Other developing countries like Brazil (2.4 per cent) and Malaysia (2.4 per cent) spend much more.

The government decision to concentrate on employment generation in the Eighth Plan is a step in the right direction. The idea conforms with the old adage, that it is better to teach a man how to fish, then to give him fish.

Estimates indicate that nearly 110 million workers in the age group of 15 to 29 will be added to the existing labour force between the years 1980 and 2000. Creating additional employment in the agricultural sector will be a difficult but not an impossible task, because there is plenty of scope for improving irrigation and other facilities.

The industry and services sectors have the potential to generate large increases in employment. What is desired is greater rationalisation of the labour market, and proper employment legislation that takes into account the interest of the workers and the management. ■

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Getting a raw deal

The unseeming row between Lok Sabha speaker Rabi Ray and secretary general, Subhash Kashyap (now sacked), currently hitting the headlines in the national press, focuses attention on an important subject: the state of the Parliament secretariat.

Though the present controversy is made out to be a personal tussle between the speaker and his former secretary general, the roots are deeper. The procedures for recruitment to the Lok Sabha and Rajya Sabha secretariats, where officers earn more than their counterparts in the central government, are not as rigid as those for the latter. There is a separate recruitment board for the secretariats. This means that the powers-that-be have packed the secretariats with persons who are often not so deserving.

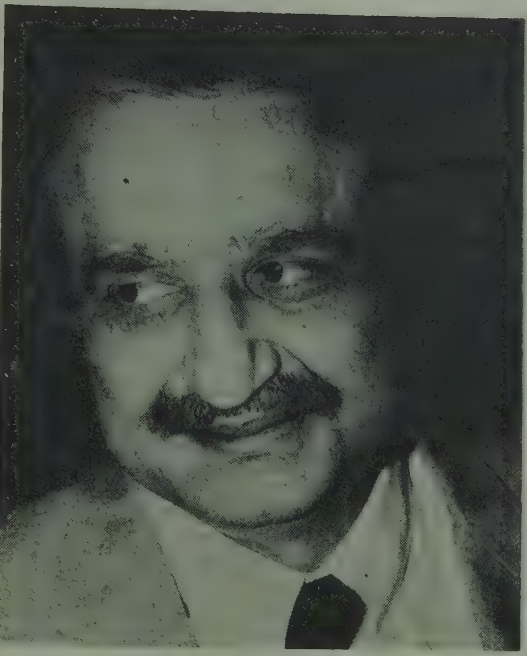
This is something which has been made easy by the fact that there is no regular intake of officers at the lowest level of group 'A', as in the IAS and the other central services. So, as and when required — or the bosses so desire — officers are inducted at higher levels like deputy or joint secretary.

Recently, the posts of secretary general of Lok Sabha and Rajya Sabha were upgraded to the level of union cabinet secretary. This has raised the hackles of IAS mandarins. But, in the light of the latest controversies, IAS officers may move in and make the two secretariats their fiefdom.

Foretellers by the dozen

Vhenever the atmosphere spells political nstability, astrologers have a field day. Especially so these days with one event or he other occurring each day that hreatens the existence of the government. While bank balances are piling up uickly for professional astrologers, a new eneration of amateur astrologers have prouted — government officials! Many fficers and other employees in the income tax department today are busy, not with assessments of returns filed but with redicting the futures of V.P. Singh and Devi Lal.

The most well known astrologer in bureaucratic circles is cabinet secretary V.C. Pande. There is also a host of joint and dditional secretaries in different ministries, who have been pitching in to advise some minister or the other.



Pande: into astrological games

Proving tough

The National Front government may strive to propagate the cause of Hindi and the Janata Dal chief minister of UP, Mulayam Singh Yadav, may banish English from his state, but finding a secretary for the department of official languages is proving rather difficult for the GoI!

Bhaskar Ghosh, best known as director general of Doordarshan a year or two ago, was recently offered the post of, what can only be described as, chief official propagator of Hindi. Ghosh, however, turned down the government's offer.

Next, it was B.K. Goswami, director general of tourism who was offered this post. His appointment orders were also issued, but strangely Goswami also managed to wriggle out of the situation.

Shifting sands of power

Four months ago, a harassed Mahesh Prasad, secretary, ministry of environment, asked the cabinet secretary for a shift. That request was acceded to earlier this month, when Prasad was sounded out for the post of secretary, steels and mines.

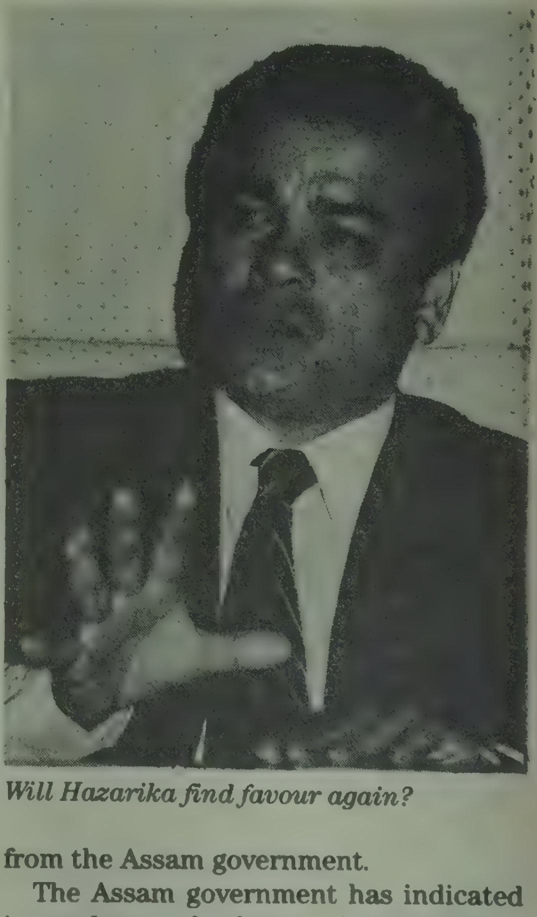
But — as in politics, so also in the bureaucracy — a time gap of three months meant a sea change in the working environment. In the intervening months, minister of state Maneka Gandhi was sidelined and Prasad found himself back in the familiar bureaucratic seat of power.

So his reply to the steel and mines job was a firm "No". He, however, has added that he would not mind a shift to the commerce ministry.

In a spot

New ONGC chairman, S.L. Khosla, now well entrenched in his position, has started on an austerity drive which has resulted in a tightening of the screws. So much so that some senior officers of ONGC are believed to be looking for jobs elsewhere. Khosla has cut their perks drastically, including the number of cars at their disposal and the number of company flats.

Meanwhile, the position of chairman and managing director of Oil India still remains vacant. Sometime ago, the Public Enterprises Selection Board (PESB) cleared the name of S.K. Manglik, member ONGC, for the position but the latter could not take up office, because of opposition from the Assam government.



Will Hazarika find favour again?

The Assam government has indicated its preference for former chief secretary, A.P. Sarwan or former managing director of Minerals and Metals Trading Corporation (MMTC), I.P. Hazarika. But GoI is in a spot because Sarwan is past the age of superannuation and Hazarika was axed by the government only a few months ago.

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Promises to keep

A bare month-and-a-half after he unveiled a grand plan for liberalising the economy, at the National Development Council, prime minister V.P. Singh seems to have backtracked. He still talks of more deregulation, though his government's actions demonstrate otherwise. The "negative list" of industries in which foreign investment would not be allowed (as promised in the industrial policy) is yet to be drawn up. And now, the prime minister is talking of a "positive list" in which foreign investment would be welcomed.

Obviously, drawing up a "positive list" would dilute the foreign investment policy — in the new dispensation, it may be only in these areas that automatic clearances could be granted for foreign investment proposals. This is a situation which is distinctly different from one where there is only a "negative list." That would have meant that foreign investment would have been allowed in areas barring those specified in the list. The former dispensation is naturally more restrictive in nature.

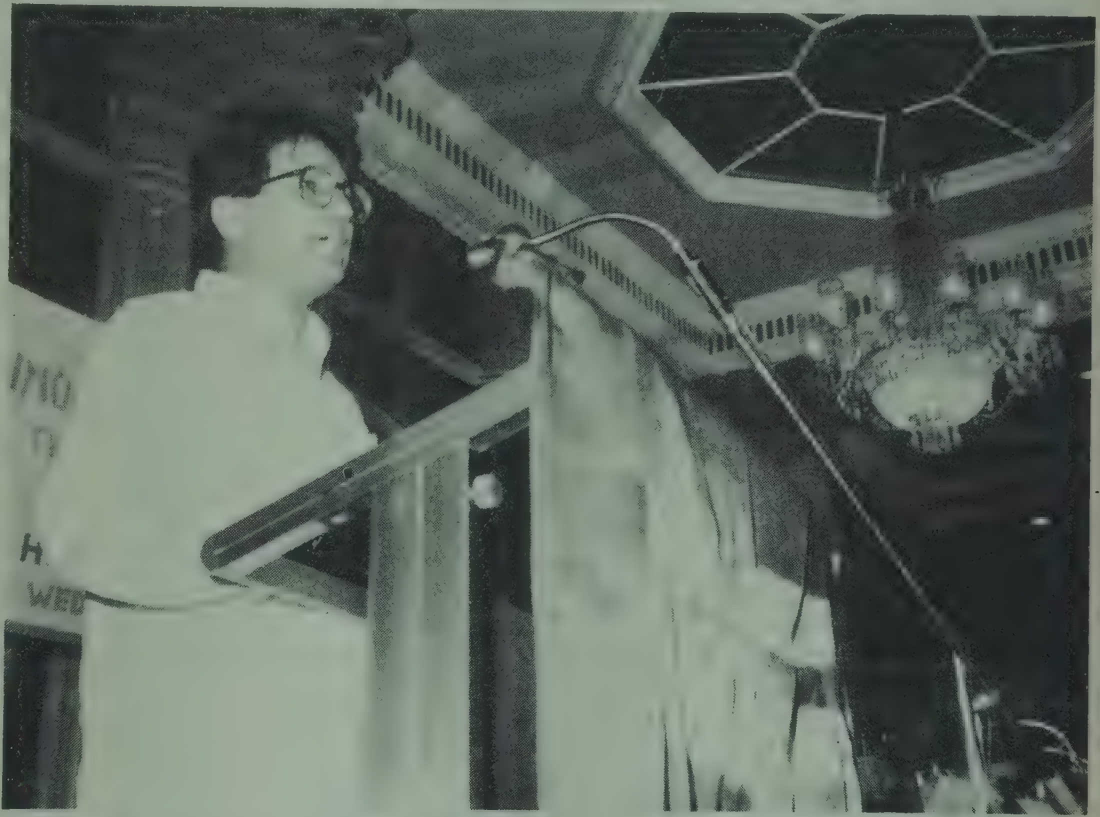
Now the PM has indicated that the list will be drawn up in consultation with his party members and also the BJP and the CPM. This obviously means that it will be some time before it can be finalised and will be diluted — as usual, everyone has to be kept happy.

Policy reversals

More significantly, the industry minister has reversed the sugar licensing policy which he announced in May, along with the industrial policy. The locational norms for setting up sugar factories, which were dispensed with to encourage competition, have been restored. This step, said to have been taken at the behest of the sugar co-operative lobby, is an anti-liberalisation move. Worse, this sort of dramatic reversal in policies is likely to send wrong signals to investors. How can an investor be certain that any policy pronouncement is for the long term?

It is believed that the liberalisations for MRTP/FERA companies promised by industry minister Ajit Singh, when he announced the industrial policy, are also likely to be considerably delayed. And without liberalisations for the large sector, deregulating the economy makes no sense.

V.P. Singh's hands are indeed tied. He cannot help but retract his policies. Not doing so would be politically suicidal for him. The May industrial policy has generated a reaction, unforeseen by V.P. Singh. Even the first series of liberalisations in 1985 did not attract this sort of flak. Even Rajiv Gandhi, the main architect of liberalisation in India, has strongly criticised the policy. He calls it a sellout to foreign interests. And he is not alone in his criticism. Chandrashekhar too, delivered a characteristic broadside, while the Bharatiya Janata Party expressed its reservations.


Ajit Singh: 'please everybody' policies

Wracked by crisis

It is apparent that some attacks on the industrial policy are more political than constructive. Rajiv Gandhi, for example, could hardly hold anything against the content of the policy. But in a country where liberalisation, deregulation and foreign capital are still *verboten* — at least in the perceptions of many — if a prime minister is accused of pandering to foreign interests, he is compelled to demonstrate the contrary. And for a prime minister, whose party does not have a majority in Parliament and is wracked by internal crises so often, this becomes even more incumbent.

Usually a government, at the beginning of its term, is expected to take bold policy initiatives. As general elections draw near, the boldness gives way to populism: note Rajiv Gandhi's tenure. But the political atmosphere in the country is so charged, and the V.P. Singh government so unstable, that it will be well nigh impossible for the PM to take initiatives even at the beginning of his term. If the instability continues — there is little indication to the contrary — the economy is in for a low growth phase, largely due to two factors. A lack of will to tackle pressing problems (like inefficiency and public sector losses) which create bottlenecks in the economy; and the vitiation of the investment climate, which would arise as a result of the former.

The low growth phase would be marked by high inflation, leading to a stagflationary situation. This would be another unsavoury side-effect of the 'please everybody' policy the government depends on to ensure support. In fact, this process has already started — procurement prices for grain to be purchased by official agencies have been hiked sharply. With "empty coffers" — the government's term for a political inheritance it bemoans — the country can ill afford the cost of compromises. Regrettably, the future doesn't appear to be free of them.

■ KINGSHUK NAG

THE STOCKMARKET BOOM

How long and how strong?

Excellent corporate results, a good monsoon and hopes of further industrial liberalisation have taken the stockmarkets through the roof. The question is: for how long can this bullish phase sustain itself?

On 25 July 1990, when the Bombay Stock Exchange opened its doors at noon, the bulls were raring to hit the ring. At the end of the two-hour trading session, the BSE's sensitivity index had investors, brokers and the financial community rubbing their eyes in disbelief. The index (1977-78 = 100) had crossed 1,000 points. And when the index stayed above 1,000, it was a sure sign that boom times had arrived for the Indian investor.

The Bombay Stock Exchange....

Events over the last two months and more have proved that the Indian stockmarkets are in a bold mood. And the BSE index, in turn, clearly indicates the shape of the market throughout the country. The BSE still remains the dominant stock exchange in terms of business transacted in the primary and secondary markets. The average daily volume of turnover on the BSE had increased by 55 per cent, from Rs.82 crore during 1988 to Rs.127 crore in 1989. Official statistics show that it touched Rs.170 crore last week in a restricted market.

But boldness can involve grave risk, both to the knowledgeable and the less savvy players. In what is the strongest bull phase in the history of the Indian stockmarket, glaring risks seem to have been completely ignored.

Need for caution

This is even more startling when one considers the developments of those very months in which this phase gathered strength. Though the war clouds which hovered over the north-west earlier this year have, it seems, retreated, the uncertainty hasn't. Unrest in three strategic states — Jammu and Kashmir, Punjab and Assam — worsens by the week. The ruling party, which has suffered dissension and political oneupmanship at the best of times, now enters a new dimension of instability with the sacking of deputy prime minister Devi Lal.

Meanwhile, India is becoming less and less attractive to the international financial community as an investment opportunity. And the country's creditworthiness reportedly took a beating when recently the Oil and Natural Gas Commission, the Industrial Financial Corporation of India and the Shipping Credit and Investments Corporation of India, failed after ten years, to sign loans at the attractive rate of 0.4 per cent over LIBOR with international banks.

Any one of these developments would affect any stockmarket. Together, it would not be wrong to expect that — at the very least — they inject a dose of caution in a bull phase.

But not in the Bombay Stock Exchange. Does that mean that the stockmarket has become so resilient? If so, where is the confidence coming from? The market seems to believe that whoever is at the helm of affairs, continuity will be maintained as far as economic policies are concerned. Comments S.S. Nadkarni, chairman, Industrial Development Bank of India, "Stockmarkets seem to be ignoring all these developments. If business continues undisturbed, it will be a great day for the country because it will reflect the general investors' perception of the strength of the economy."

If the mood of the market is unswervingly bullish, the main reason is a continuation of substantially improved corporate performances. "The power sector being thrown open to private companies also brings good tidings," says B.D. Shah, managing director of General Insurance Company. There is also a noticeable improvement in corporate analysis by large sections of stockbrokers and investment analysts, backed by better dissemination of information.

Says Nemish Shah, the 32-year-old stockbroker who shot to prominence in only six years of market operations, "What people are unwilling to accept is the gigantic jump in profitability of the private corporate sector. The figures speak for themselves." There is no gainsaying that several companies have been reporting big jumps in profits and profitability. For instance, between March 1980 and 1988, Grasim Industries recorded collective gross profits (after interest) of Rs.281.43 crore. However, in the two years ended March 1990, the company notched up gross profits of Rs.220 crore.

Long list

The same is true of several other companies actively traded in the 'A' group. Telco's gross profits over the same period was Rs.448.97 crore. The profits of the last two financial years ended March 1990 alone constitute 73 per cent of the above figure. The list is a long one. Hindalco, the other private sector aluminium giant, recorded gross profits of Rs.156 crore during the two years ended March 1990; its combined profits for eight years ending March 1987 was Rs.159.18 crore. Century Enka (a member of Holland's Akzo group), Bombay Dyeing and Excel Industries earned more profits in these two years than they did in 1981-87. "The tremendous increase in the profits shows that the corporate sector has been slung into a new orbit," observes Shah.

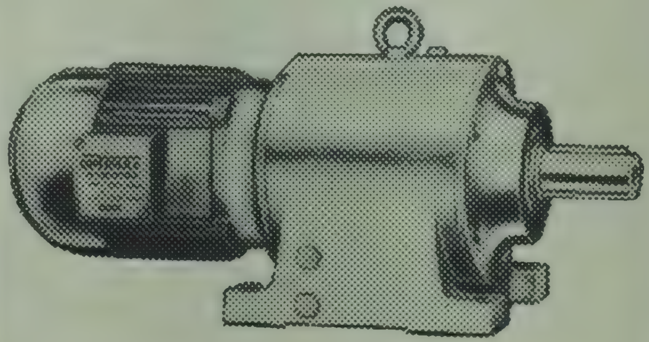
Certainly, the price increases have been very steep in a very short period. However, since the high of 660 on 26 February 1986, four-and-a-half years ago, the index hasn't yet doubled. The market crossed 1,000 in July 1990, "which is not an unusual phenomenon because of the rate at which the corporate sector has grown", comments Shah.

The environment for equity investment has changed considerably since the last boom of 1985-86. With vastly improved corporate profits, the market has taken strong notice of performance based on fundamentals. This means that in relation to the recent past earnings and future earning capacity, market prices of the shares have been low.

Says R.K. Kare, a broker on the BSE, "Even based on the technical fundamentals, the market was undervalued. Hence the boom was overdue." The strength of the market meant a realignment of the price-earnings ratio. Comments B.S. Shenoy, director of Times Guaranty Financial Ltd, "Earlier the P/E was 14 on the BSE index. Expectations have grown and investors and speculators are willing to look at higher average P/E ratios — up to 20." Even N.A. Soonawala, finance director of Tata Sons, holds the same opinion, though he cautions, "It should increase gradually so that we can absorb it."

....where the bulls were on a rampage last fortnight

I O C
CEN ENKA
GRASIM



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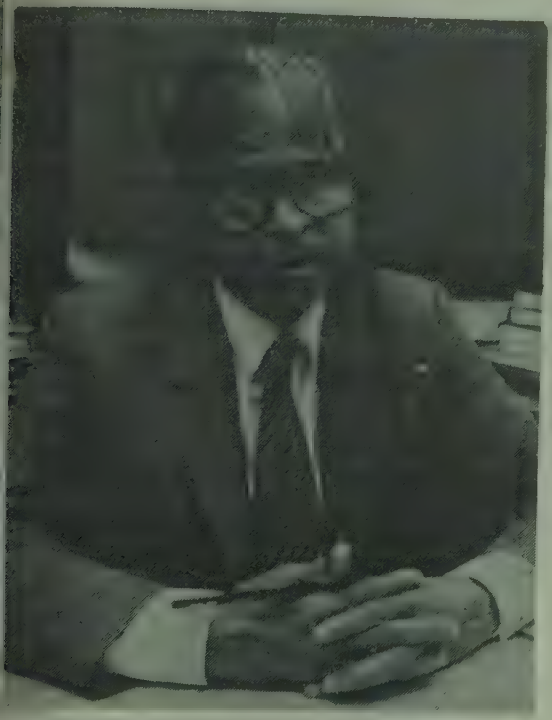


M.R. Mayya: controlling an over-speculative market?

If the corporate climate and stockmarkets have changed, so has the profile of the players in the marketplace. Today, mutual funds promoted by banks subsidiaries as well as foreign funds managed by the same subsidiaries are neck and neck in their race for the restricted list of blue-chip companies. According to some estimates, mutual funds, which are buyers in the bull market, have still to invest Rs.600 to 700 crore before the end of the year. The other incentive for the market has been what looks like another good monsoon. 'Since ours is an agro-based economy, good monsoons make a lot of difference," says GIC's Shah.

Hedge against inflation

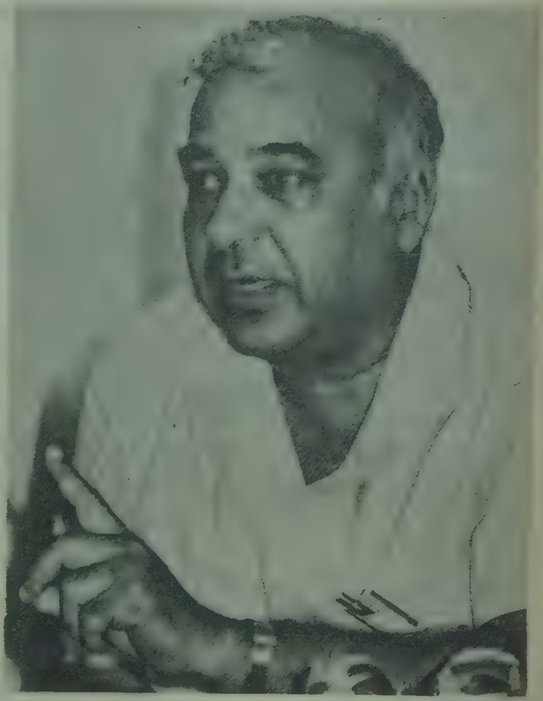
The new focus of the investors' quest for a hedge against inflation has evolved over the last three decades. The trend in recent years has been a larger proportion of equity. As A.V. Jog, assistant general manager of the BOI Finance, a subsidiary of Bank of India, points out, "Investors burnt their fingers by putting their money into new projects in 1985-86 and increasingly believing in equity participation."

In the sixties, wholesale prices rose by 0 per cent, gold by 50 per cent, silver by 172 per cent and securities by just 2 per cent. In the seventies, while silver moved up by 500 per cent, gold a staggering 820 per cent and wholesale prices by 150 per cent, securities showed a relatively higher gain of 60 per cent. As the eighties rolled around, realisation dawned. Securities were in the forefront with an indexed increase of 300 per cent. In comparison gold, silver and wholesale prices moved by 125, 165 and 85 per cent, respectively. Thus, the evolution of equity or corporate paper into an accepted shelter against inflationary forces ensured a sectoral flow of funds into the stockmarkets. Equity took firm root.

Vijay Mehta, a stockbroker on the Delhi Stock Exchange, agrees with this analysis. For three reasons: "One, company results announced have been encouraging. And with the government's policy of not maintaining controls on prices, companies are going to show record profits this year too. Second, for the fourth year in succession, the monsoon has been good and well distributed. And third, the market was technically in very sound shape. Complementing these were two factors — the fear of a war had receded and the government's policy favoured further liberalisation. This was the combination which did the trick."

Says Mangalapadi Ramachandra Mayya, executive director of the BSE, "Madhu Dandavate has proved in the 1990-91 budget proposals that he wants to continue with liberalisation." According to Mayya, after the budget, there came the sudden realisation that the private sector would be encouraged; this released the pent-up market forces. "After shifting eight pivotal scrips accounting for half the trading volume, the market goes up. Doesn't this indicate that it is doing so largely on fundamental reasons?" asks Mayya.

Thus, the BSE index, which had peaked at 780 in November 1988, was volatile for the next 18 months until last month's new high. The day after the discussion with Mayya — 30 July — the market shot up by almost 60 points, which had him worried.



Nadkarni: stockmarkets ignoring all developments

The following day, the BSE governing board decided to restrict forward trading on all 80 'A' group scrips. Brokers and jobbers responded by calling off trading for the rest of the week.

Fluctuations inevitable

The large scale availability of funds from various sources has fuelled the market and worried several brokers, institutions, representatives, and fund managers. In a brief chat with *Business India*, the union finance minister said, "Fluctuations in the stockmarket are inevitable and normally I would not read too much in it. But the way prices are soaring, it may not be good for the national economy. But large scale government interference is called for only if we find something seriously wrong with the mechanisms operating in the market."

Scrips that did not react sharply

Name of the Company	Market price on 12/7/90	Market price on 30/7/90	Rise %	Remarks
1. Asian Paints	231.25	266.25	15.13	Flat performance for 1989-90 and no bonus
2. Bajaj Auto	472.50	572.50	21.16	Rose 44 per cent from January
3. Bombay Dyeing	237.00	268.00	13.08	Earlier discounted
4. Century Enka	3700.00	4600.00	24.30	Good performance discounted earlier
5. Century Tex	3480.00	3925.00	12.78	Good performance discounted earlier
6. Hindalco	273.75	352.50	28.76	Variable aluminium market, recently good
7. Hind Lever	123.50	142.50	15.38	Moderate profit growth of 11 per cent
8. Mukand	133.00	158.00	18.79	Flat performance
9. Reckitt & Colman	217.50	248.75	14.36	Margins under pressure
10. Oswal Agro	34.00	42.00	23.50	Oswal group problems

Driven by cement

The BSE Index's spurt in recent months has undoubtedly lined the pockets of several members of the broking fraternity. Cement shares — primarily ACC shares — which led the boom, have contributed significantly to their coffers. Comments Harish Bhasin, president of the Delhi Stock Exchange, "The circumstances were just right. ACC is the largest cement company with strategic locations, producing 7.5 million tonnes of cement annually. As the cement market started hardening, the company was in the clover."

On this occasion, it appears that the market was slow in taking cement shares seriously. Although many companies in the cement industry — like Gujarat Ambuja, Madras Cements and Mangalam Cement — reported better production, sales and profits, during the first half of 1990-91 the stockmarket completely ignored them. The signs were there but only a few shrewd Bombay bulls started purchasing ACC in Calcutta. For a while, it looked like normal arbitrage between the two exchanges. It was only when ACC's turnover crossed 1 million shares a day in mid-June that the market awoke to the fact that 20 per cent of ACC's shares was being turned around every day. That, in part, explains why cement shares rose so sharply so soon.

Cement demand up. The cement industry's good fortunes were triggered off by a sudden upswing in the demand for cement. Though marginal, the change, "From a 2 per cent deficit to a 2 per cent surplus, on account of government buying, was a stroke of luck," says N. Sekhsaria, managing director of Gujarat Ambuja Cements Ltd (GACL).

By the looks of things, the cement industry has every intention of cashing in on the currently hardening cement prices. Private sector companies (mostly listed) have targeted production at almost 40 mt in 1990-91 out of the total industry capacity of 50 mt. Even if an all round Rs.5 increase in realisation per bag is assumed, after cost escalation and successful cost cutting — both of which GACL managed in 1989-90 — the industry could add Rs.100 per tonne or Rs.400 crore to profits — with one-sixth going to ACC alone.

But there are factors that could hinder the profits of this capital-intensive industry. Most importantly, government controls could be clamped on prices if they are perceived as getting out of hand.

In any case, freight rates vary from Rs.5 to Rs.30 per bag, as also sales and turnover taxes (from 7 to 18 per cent), and octroi from nil to Rs.2.50 per bag. These alone can add up to a difference of Rs.7.50 per bag from one area to another. Of course, there has already been a steep rise in the cost of freight, power, etc.

As things stand, 77 per cent of the cost of production is under direct government control. "But the government thinks otherwise and forces manufacturers to supply at a uniform selling price. This is totally unfair and unworkable because production and consumption centres are widely spread," complains a leading manufacturer. Cement manufacturers also feel that any proposal to impose partial control at this juncture will only deter the industry, which has drawn up extensive expansion and modernisation plans. Hence, ploughing back profits will be essential.

Discounting the future. However, stockmarkets always discount the future. Says a Bangalore-based broker, "We have never seen cement prices at Rs. 90 per bag in July, which is in the lean season. My clients, who are cement dealers, point this out."

Says Asit Koticha, an investment analyst in Bombay who is very bullish on cement, "I expect Madras Cement to post a gross profit of Rs.20 to 25 crore on an equity of Rs.3 crore. With no tax liability an increase in realisation by a rupee per bag could mean Rs.80 per share to this company."

How cement scrips moved

Company (face value)	19 March '90*	30 July '90	% change
ACC (100)	359.00	1080.00	201
Madras Cement (100)	500.00	2100.00	320
Birla Jute (10)	53.00	130.00	145
India Cement (10)	16.00†	73.75	361
Mysore Cement (10)	20.00	44.00	120
Dalmia Cement (10)	62.50	170.00	172
Mangalam Cement (10)	28.00	50.00	78
Modi Cement (10)	7.25	13.00	79
Jai Prakash Industries (10)	13.50	26.00	92
Shree Cement (10)	10.50	31.00	195
Narmada Cement (10)	5.25	13.00	147
Andhra Cement (10)	8.00	18.00	125
Deccan Cement (10)	22.00	42.50	93
Gujarat Ambuja (10)	26.25	81.50	210

**pre budget † not traded*

According to one institutional broker, Birla Jute is expected to make a cash profit of Rs.30 or more per share in the current year ending March 1991. It is expected that the cement divisions of companies like Grasim, Century Spinning, Indian Rayon, J.K. Synthetics and Larsen & Toubro will also benefit.

The trend upwards for cement companies started in the first quarter of 1990 — the best example being that of ACC, which recorded significantly improved profits in March. Thus, in a stockmarket whose entire capitalisation is Rs.80,000 crore, and whose price to earnings ratio is 17, an additional profit of Rs.400 crore in 1990-91 from the cement industry alone would certainly have an impact on the index.

Such a sea-change in the fortunes of the industry were never anticipated even by the most die-hard optmist. Several reasons have been cited for the sharp turnaround. Says B.L. Jain, chief executive officer of Century Cement, "Government buying was uneven throughout last year. Along with other demand, it picked up from February 1990." This was partly due to the fact that the levy quota was not available to the government since the total decontrol announced in March 1989, and it had to think of tenders from the open market.

Favourable demand-supply. According to Seksaria of GACL, which recently doubled its dividend to 25 per cent, "The demand-supply forces have changed in favour of the industry after a long time." The stoppage of project funding by financial institutions since 1987-88 had frozen the capacity of the industry. Then again, the industry had suffered under negative rates of return after the decontrol. Naturally, manufacturers are now optimistic.

The improved performance of the industry has prompted the financial institutions to consider financing new projects once again. As S.S. Nadkarni, chairman and managing director of IDBI, says, "We took a holiday on cement projects for 2 to 3 years. But now we intend to finance new cement projects."

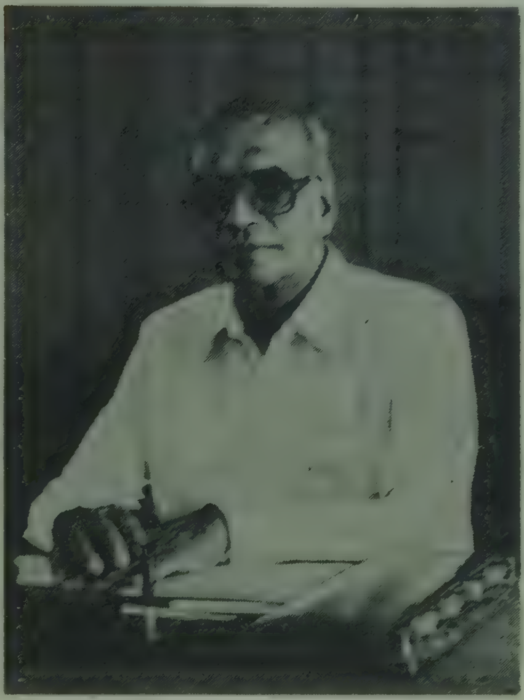
V.K. Shah is certain that these are not od for the market. A member of the BSE overning board for many years, he says, rokers, particularly those who are embers of the governing board of BSE, ant to have their cake and eat it too. They ould like to avoid the payment crises, as ell as push up stock prices." According to im, currently an average of 60 to 70 per ent of the trading passes unreported. his means that between Rs.230 to 250 rore of trades are outside the purview of SE. "A lot of money is coming into the arket and transactions are carried out, ith no margins being paid," says another rominent stockbroker. "The market was ept free till around the 900 point mark ut it still went up another 150 points: this a matter of concern," he says.

One view in the market is that the prices several scrips, which have declared financial results for the year ended March 990, have been discounted one year in dvance. This has resulted in considerable epletion of floating stocks. Says Shah, his is primarily an investment market nd speculation is secondary. If there is no quidity in a scrip, it should be removed om the forward list," he recommends.

oo fast a rise

ne substantial upward movement of ock prices has been generally welcomed investors and others. But, what has become a cause for concern among most of em is the pace at which the prices have oved. "Yes, the rise has been too fast om 780 to 1,100 — a 40 per cent rise ithout any profit taking," admits Vibhav apoor, senior vice-president of Infra- ructure Leasing and Financial Services d, Bombay. "As long as no payments isis develops the market must be al- wed to level off naturally. The important stinction is that this market is unlike the om of 1985-86. At that time, price move- ents were not based on performance but expectations. As a result, prices moved ross a broad sweep of scrips."

In Kapoor's view, when cash scrips went by almost 40 per cent one day last onth, the mutual funds sold those scrips e next day as they found a chance to get t at prices they felt were unjustified. Re- lt: the prices of several cash scrips came wn to realistic levels. This does not, wever, mean that institutions are ignor- g the investment opportunities in the 'B' oup. According to B.D. Shah, GIC, while lling all blue chip shares, has also been ying the low priced ones in the non-spe- ied or 'B' group.



G.B. Desai: funds being diverted from a dull primary market

The steep increase in price recently witnessed clearly indicates large funds entering the stockmarket. Says Ramesh Patel, partner in J.N. Patel & Co, "We believe money is coming from investors in the textile, metal, construction business, and the gem and jewellery markets." J.N. Dhankad, executive director of the Jaipur Stock Exchange, too feels that "money is coming from the commodities and bullion markets which are depressed to some extent". According to Patel, despite the price rise, the *badla* rates have been below 2 per cent — almost 50 per cent less than market expectations. "In the last boom, the *badla* rates were 3-4 per cent."

Vast amounts of money are entering the market while the number of good scrips are limited. Thus there is a mad scramble in the market. "The encouraging sign is that today's investor is discerning," states V.K. Padmanabhan, president of the Madras Stock Exchange. "They are choosing solid companies from fundamentally strong industries such as cement, textiles, textile machinery and sugars."

Increasing awareness

With the awareness among investors increasing and almost all new issues/primary capital markets drying up, the thirst for investment avenues has only increased. During the financial year 1989-90, a total of Rs.6,150 crore was raised by private sector companies from the capital market. In the current year, the figure is estimated to be in the region of Rs.300 to 350 crore so far.

Says G.B. Desai, president of the BSE, "The flow of funds into the market, to a large extent, was diverted from a dull primary market. Add to this the role of large mutual funds, legally committed to investing in the stockmarket which have upset the market by creating a scarcity of contracts."

Adds N. Sekhsaria, managing director of Gujarat Ambuja Cements, "Local mutual funds are interested in interest income and not in equities. As a result they indulge in *badla* transactions as they have promised minimum returns. *Badla* financing fuels speculation."

From one angle, the scenario is as follows: there is a large flow of funds into the secondary market which does not include the substantial amounts lying with mutual funds such as BOI Finance, PNB Mu-

The stockmarkets' view of select groups

Name of the Company	Market price on 12/7/90	30/7/90	Rise %
Aditya Birla group			
Hindalco	312.50	352.50	12.80
Grasim	146.50	180.00	22.80
Ind Rayon	126.00	160.00	26.98
Oswal group			
Oswal Agro	39.00	42.00	7.69
Bhudal Agro	37.50		
RPG group			
Ceat Ltd	112.50	122.50	8.88
Phillips Carbon	46.00	42.50	−7.60
Kartaka Telecom	41.50	41.00	−1.20
Upcom Cables	25.00	25.00	—
Asian Cables	32.00	37.50	+17.18
Darbari Seth group			
Tata Tea	236.00	297.50	26.05
Tata Chem	121.00	165.00	36.36
ACC	746.25	1080.00	44.70
Excel	217.00	244.00	12.44
BK Birla group			
Century Enka	3875.00	4600.00	18.70
Century Textiles	3540.00	3925.00	10.87
Muthiah group			
SPIC	62.00	75.00	70.96
Tamil Nadu Petro	28.00	32.00	14.28
Ranbaxy group			
Max India	72.50	70.00	−3.44
Ranbaxy	99.00	95.00	−4.04
Maxxon India	17.50	25.00	42.85
Montari	46.00	55.00	19.56
Reliance group			
Reliance	101.50	125.50	23.60
Reliance Petro	24.00	31.00	29.16
L&T	97.50	111.00	13.85
UB group			
Hoechst	2300.00	2875.00	25.00
Unitel Comm	10.50	12.00	25.00
Punjab Breweries	28.50	35.00	21.73
McDowell	77.00	81.00	10.38
UB Petroproducts	20.75	27.00	30.12
Berger Paints	40.00	45.00	12.50

tual Finance and Canbank Mutual Fund. On the basis of a simple calculation that, sooner or later, the mutual funds have to invest and the equity market is bound to be a major destination, speculators have, in many cases, bought in advance and are sitting pretty for the time when the mutual funds enter the market. This pushes up prices even further and faster.

"Another source of funds are foreign banks which, camouflaged as managers of their clients' portfolios are indulging and giving advances against 50 per cent of the market value of scrips," says a well-known merchant banker. If this is true, it will only encourage rampant speculation — almost anyone can borrow Rs.3 lakh against shares on margin from a bank.

But A.S. Thiyagarajan, vice-president (investment bank) at Citibank in Bombay, denies this. He says, "There have been some allegations about Citibank playing a dubious role in the *badla* market. We conducted an internal enquiry which shows these are incorrect."

The current boom seems to be longer and stronger than the 1985-86 upsurge. But how long it will last? "Whatever goes up must come down," muses Mehta. So, when will these sky-rocketing shares come down?

In the current boom, there are clear indications of the formation of certain syndicates in the market. These syndicates are heavily dependent on bank finance. "So there are only two ways the share prices can crash: if the syndicates crack because of bank or government or RBI action; or if there is government instability. Barring these," says Mehta, "I think this boom will continue. A very limited group of people — including the syndicates, of course — have made big profits from ACC which is already overpriced. And they are holding on to it. Like we say, *satta phasa hua hai.*"

Over priced?

Are most of the actively traded scrips in the 'A' group overpriced? If so, what will the fate of such scrips be? One view is that the ACC scrip, for example, is definitely overpriced at an earnings level of Rs.70 to 80 per share.

An informal survey of brokers showed that the current market prices of some scrips were based on expected earnings in the half-year ended September 1990. Thus ACC, with an equity of Rs.56 crore, is expected to post gross profits after interest of about Rs.30 crore during the six-month period ended 30 September 1990.

Nimesh Shah: corporate sector slung into a new orbit

Over a similar time-span, Birla Jute is likely to record profits of Rs.25 crore on a Rs.20-crore equity; Century Spinning, Rs.75 crore profits on a Rs.26-crore equity; and Century Enka Rs.50 crore profits on a Rs.17-crore equity. At these levels, neither is the market discounting earnings way in advance, nor are the profit calculations unrealistic.

Is the market price then near reality? "I wouldn't mind buying Century Industries at Rs.4,000 a share," states Kapoor. "At current prices, the cash EPS is less than 7 and the net earnings is less than 18. With one of the largest cement capacities, and as the largest exporter of cotton textiles, and with the rayon doing well, what more can you ask for?"

The signs from the government being encouraging, stockmarket speculators (including a fair number of buccaneers), seem to have largely ignored the risk of a downslide. Comments N. Vaghul, chairman and managing director of the Industrial Credit and Investment Corporation of India (ICICI), "The market has become speculator oriented, though it may have started rising purely on fundamental reasons." Once the market starts climbing rapidly, as it did last week on speculative forces, it reaches something like critical mass — any bad news and the slide begins. But this market has shrugged off all bad news including the toppling of the *Tau*.

When will that stage be reached? A senior manager of an investment institution says, "All assumptions based on the current demand for cement are linked to an economic growth rate of 5 to 6 per cent The bulk of this demand, which changed the face of the industry in a few months came from the public works programmes of the government. If macro-economic indicators aren't favourable — as certain developments as well as India's balance of payments situation may suggest — it is likely that public expenditure programmes will shrink."

What is crucial to recognise here is that an interpretation of the stockmarket boom in an economic equilibrium is very different from one arising out of macro-economic instability. "We cannot straitjacket it as under fundamentals versus speculation. At the firm level, performance continues to be good. But macro-economic conditions such as external financing, current account deficits, and budgetary deficits leading to demand setbacks from government organisations, may not be all that obvious," says an institutional manager. "Brokers aren't taking these conditions into account."

As Adam Smith demonstrated, individual greed and short sightedness often translates into collective wisdom. The canny Scot died 200 years ago, but his lesson still holds true. High imports feed growth and help the economy; inflation fuels corporate profits, at least in the short run. It may, therefore, be fine to concentrate on the prospects of individual companies and leave the economy to take care of itself. But in the long run, doubts arise. If steel is booming today, won't it create overcapacity and depression tomorrow? Businessmen have never been good at anticipating business cycles, neither have stockmarkets.

For the moment though, the market is happy with the view from its window and is undisturbed by the talk of wider perceptions. After Devi Lal's expulsion, according to reports, stock prices in Bombay kerb trading started firming up again. One positive feature is that despite the ramping of shares by speculative elements, the lay investors haven't entered the market, the way they did in 1985-86. Once that happens, large blocks of shares that may have been bought earlier by the stockbroking community will find their way into the portfolios of the unsophisticated and uninitiated investors who follow. That should determine how long and how strong the new Bombay boom will be.

■ BASUDEV DASS with LANCELOT JOSEPH,
RAHUL SHARMA and bureau reports

In the 1990s, research and development will constitute the difference between survival and supremacy, for the corporation.

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On the threshold of the 1990s, we reaffirm our commitment to the principles and the people who have brought us here

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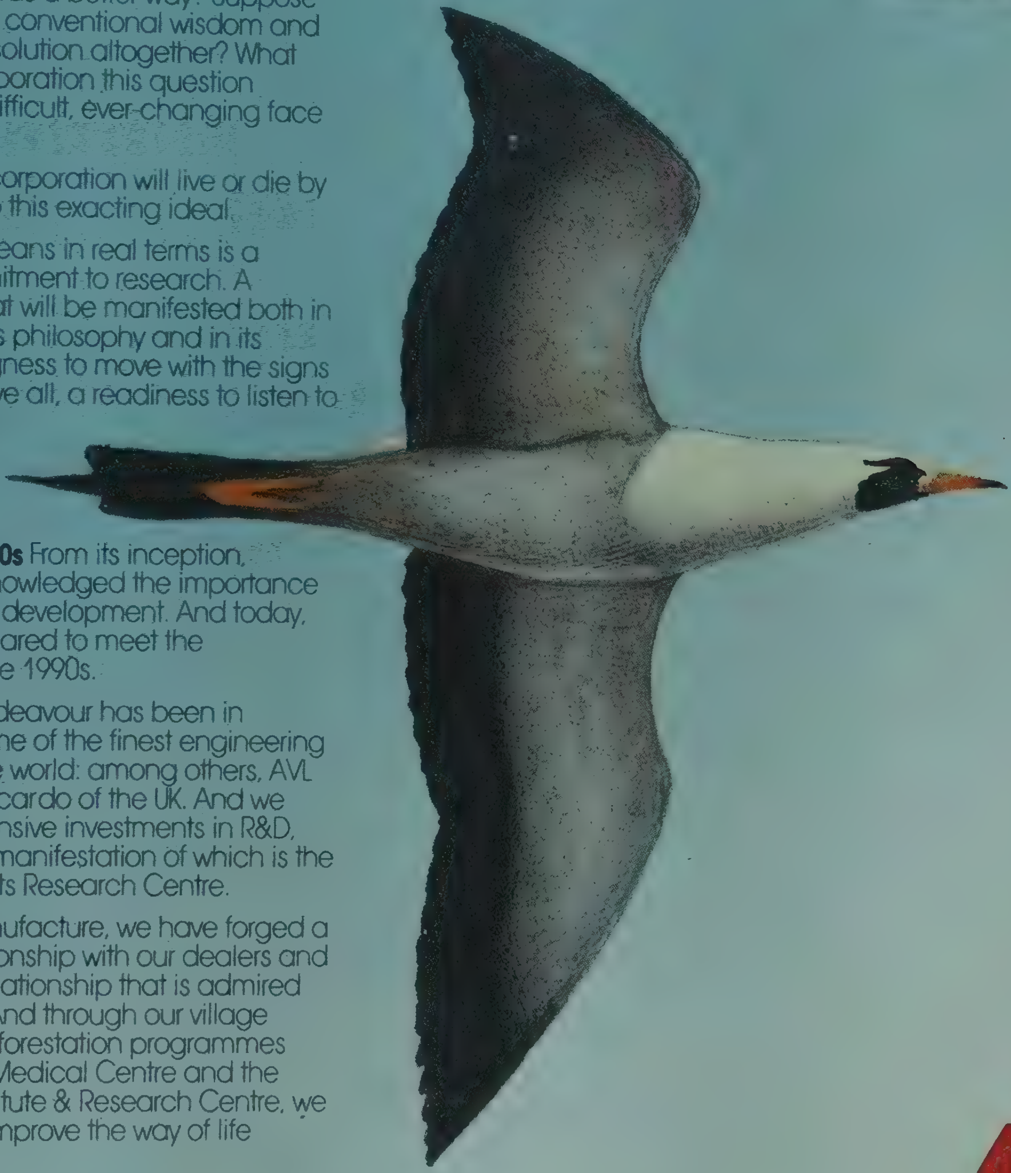

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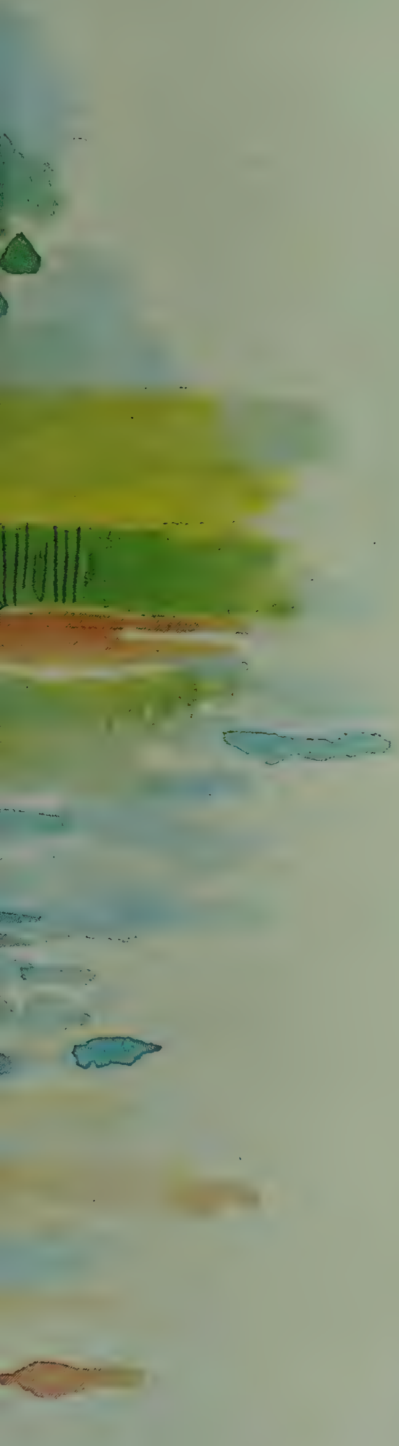

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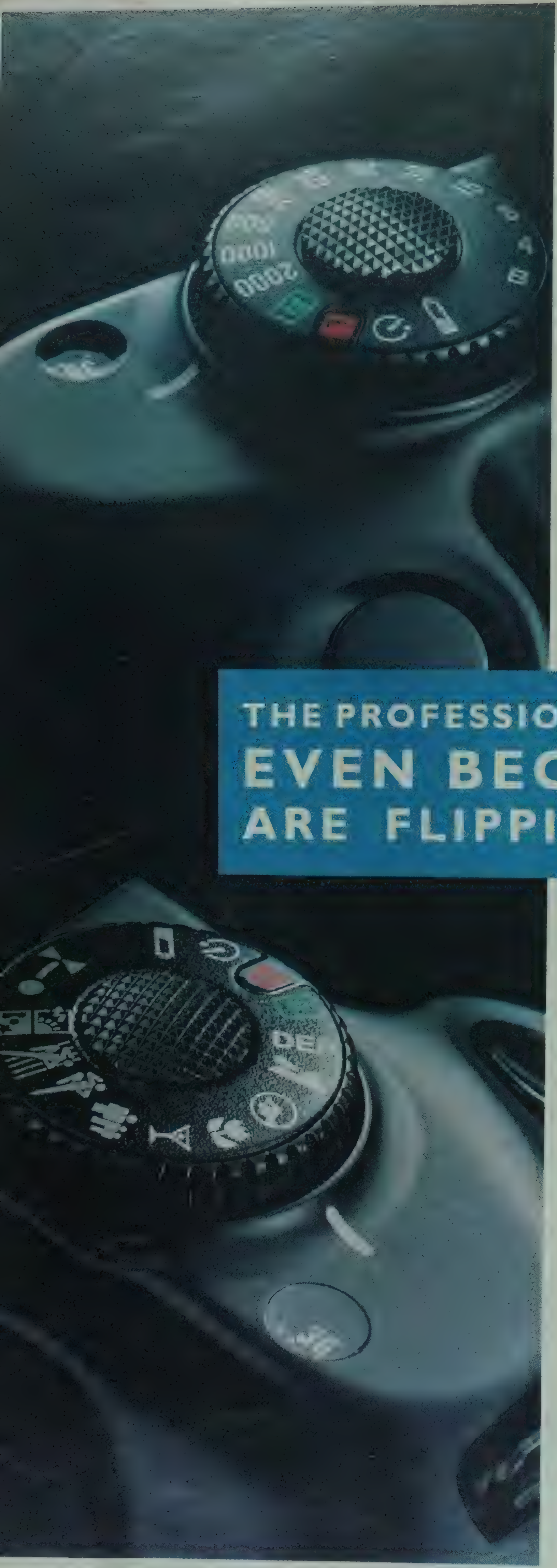THE PROFESSIONAL CAMERA
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TOMCO

A bold resurgence

A new management team, good financial performance after a long lean period and ambitious diversification plans have put the spotlight back on this once sluggish company

It was grown up but it refused to walk. A succession of top Tata executives — including stalwarts like V.K. Bali, Darbari Seth and K.S. Hinge — had valiantly tried to put some zip into the organisation. But the Tata Oil Mills Company Ltd (TOMCO) continued to crawl. Then, in July 1987, chairman H.N. Sethna brought in a rank outsider as TOMCO's managing director — N.S. Sunder Rajan, head of the nuclear waste management division at the Bhabha Atomic Research Centre, Bombay.

A little over three years later, the Sethna-Sunder Rajan combination has succeeded in performing a seemingly impossible task: reviving the somnolent company. Today, there is an air of palpable excitement in the TOMCO cubicles on the first floor of Bombay House (where most of the corporate offices of the Tata companies are located) and at its nine plants spread throughout the country.

A major presence

But the most dramatic changes are visible in the company's balance sheet. Between March 1986 and March 1990, turnover rose from Rs.237 crore to Rs.335 crore — an increase of 41 per cent. In the last one year alone, sales has increased by 18 per cent and gross profits by a whopping 111 per cent. Again, in March 1990, the return on net worth reached 16 per cent and crossed the double digit mark for the first time in the company's history. (In earlier years, it had hovered around 5 to 7 per cent.)

Along with Hindustan Lever Ltd (HLL), Nirma Chemical Works and Godrej Soaps Ltd, TOMCO is one of the leading manufacturers of oil-based soaps and synthetic detergents. "TOMCO may have had some problems recently but it is still a Tata company after all and has a major presence in its chosen fields", says Karsanbhai Patel of Nirma. Other manufactured products include glycerine, cattle and poultry feed, groundnut and soya protein and fish products. But majority of the sales come from soaps (see chart). Over the years, some of these brands like Hamam, 501, OK and Ria have become household names. Yet, TOMCO has never been able to emerge a clear market leader even though it is the largest producer of laundry soaps in India. It has always played second fiddle to HLL. (While HLL controls 60 per cent of the market by tonnage, TOMCO trails with 25 per cent and Godrej is third with 6 per cent.) This runners-up tag is largely a result of TOMCO's past mistakes — some managerial, a few technical. "Had it not been for TOMCO's intrinsic strength and strong infrastructure, the company would have collapsed long ago," says Sunder Rajan.

One of the major problems at TOMCO is that, over the years, a certain amount of fossilisation has set in. " In the kind of business TOMCO operates in, you have got to be fighting fit. Even if you want to stand still, you have got to keep on running," says the marketing chief of a consumer products company. That, however, has not been the case with TOMCO. Unlike many of its competitors who have a youngish, yuppie look about them, the average employee age at this 72-year-old Tata outfit is 45 years. This has not only hampered rapid growth and efficiency but high salaries to the veterans has also led to a drain on the company's profitability.

Financial indicators

(Rs.crore)

	1989-90	1988-89	1987-88	1986-87
Gross sales	335.33	282.75	274.68	237.79
Profit before dep (PBD)	10.55	4.98	4.50	4.22
Profit after tax (PAT)	5.36	2.20	1.57	1.29
Fixed assets	51.34	39.04	38.13	37.15
PBD margins (%)	3.14	1.76	1.63	1.77
EPS (Rs.)	16.52	6.78	4.83	5.08

Face value: Rs.25

Apart from high wages, rising cost of raw materials and their erratic supply position also played havoc with the company's bottomline. Over the last five years, raw materials cost as a percentage of sales has averaged at a high 61 per cent. In contrast, over the same period, the gross profit margin (GPM) has been a low 2 per cent. The main reason for the company's low margins has been its dependence on borrowings. The average interest cost as a percentage of operating profit, thus, has been a high 63 per cent during this period. In fact, at one stage in the early eighties, chairman Darbari Seth had arranged for a short term working capital finance of Rs.3 crore from Tata Chemicals Ltd — another company headed by him. The company's gross return on capital employed has averaged 6 per cent, which, considering the size of its operations, is not very significant.

Sethna: instilling the right philosophy of the right time, right manner, right price

Sunder Rajan: relying on the company's strength and infrastructure

Buoyant mood

However, in spite of such a lacklustre performance, the company has consistently paid dividend in the range of 45 to 50 per cent. In addition, TOMCO — in which the Tata companies have a 21 per cent stake, the financial institutions 40 per cent and the rest is with the public — recently announced a bonus in the ratio of 1:5 along with the March 1990 results. Long considered a widow's share (good for yield rather than appreciation), the TOMCO scrip reached a high of Rs.87 in 1988 and of Rs.78 in 1989. Following the company's recent encouraging results, the scrip has reached Rs.185 (as on 30 July 1990). News about a forthcoming Rs.45 crore convertible

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WIMCO

End of an era

Now that the Swedish stakes have been bought by an Indian entrepreneur, this match company seems set to embark on a more export-oriented path

Sixty seven years of Swedish control came to an end when Swedish Match AB sold its 39.5 per cent stake in Wimco. And a little-known, Delhi-based industrialist, Ashok Chaturvedi, who controls the Flex group of packaging companies and his London-based NRI friend, Aloke Srivastav, beat the likes of L.M. Thapar to bag the company. Chaturvedi's group turnover was Rs.44 crore against Wimco's turnover of Rs.125.7 crore in 1989-90.

Wimco came to the block as a result of a complex series of mergers and divestments involving the Wallenbergs — Sweden's largest industrial group. The group, which controls giants like ASEA (which, in turn, owns 50 per cent of the generating and transmission company ABB), Alfa-Laval, Electrolux, Ericsson, Atlas-Copco and SKF, is consolidating its holdings to prevent takeovers. As a result of this strategy, Swedish Match, which was part of the group, was first taken over by Stora, Europe's largest forest product company and also part of the group.

Stora merged some of Swedish Match's activities with its own subsidiaries and then spun off the company with its other activities — matches, disposable lighters and shaving products. It was sold to a consortium headed by Gillette and J.P. Morgan (the US investment firm) and associates in the beginning of 1990. The new owners decided to sell off some of the assets of the company to repay a debt of $580 million which they had taken to buy the company.

Slow negotiations

When Swedish Match AB offered to sell its 39.5 per cent equity stake in Wimco this January, several Indian business houses including the Thapars, Modis and Birlas pitched for the company. Initial negotiations proved to be slow. According to Akbar Hydari, chairman of Wimco, Swedish Match didn't want to merely dump its shares: it was concerned about who was taking over the Indian company so as to protect the interests of the Indian shareholders and employees. "Several bidders came close," says Hydari. The Swedish company was prepared to offload its 5.4 million shares in Wimco at a bargain, provided it found the right buyer.

In March this year, Chaturvedi moved in with an offer to pick up Wimco's 51 per cent holding in its subsidiary A&R Packaging Ltd. Stora AB's subsidiary Akerlund & Rausing had a 40 per cent stake in the company and wished to retain it, so that company was kept out of the deal with the US-based buyers of Swedish Match AB.

Chaturvedi: dominant partner

Chaturvedi withdrew his offer to buy A&R as Stora insisted on his entering a five-year technology transfer agreement for flexible packaging technology. He already has three well-to-do flexible packaging companies in his group and his interest in A&R was limited to the company's excellent manufacturing facilities. His withdrawal saw the Thapars moving in with an offer to pick up Wimco's equity in A&R on Stora's terms. Thapar will shell out about Rs.4.5 crore for the 58 per cent stake he plans to acquire in A&R from Wimco.

Later Chaturvedi changed his stance and pitched for Wimco's match and food processing operations. He also roped in Srivastav for the deal, and they pulled it off against the Thapars by offering to pick up Swedish Match AB's 5.4 million shares on a par. The Thapars were trying to bargain for a price of Rs.5 to Rs.6 per share.

Chaturvedi is going to be the dominant partner in sharing the acquired equity of Wimco, though according to Srivastav, whom *Business India* talked to in London, their stakes are going to be closed. Srivastav, in his mid-thirties like Chaturvedi, has been involved in foreign trade through his London-based companies, one of which — ASRS Establishment Ltd — is to handle Wimco's exports. He has stakes in another Indian company, Deccan Granite Ltd, whose exports he handles. Srivastav's main area of operations is international trading of aromatic chemicals and essential oils.

Net worth eroded

Wimco's accumulated losses, about Rs.17 crore, have almost totally eroded its net worth of Rs.19 crore. But Chaturvedi does not agree with the opinion that he has bought a sick company and is bullish about Wimco's prospects. He believes that Wimco is actually on the turnaround path as its net losses for the year ended 31 March 1990 were only Rs.4.2 crore against the net loss of Rs.10.2 crore for the 15-month period ended 31 March 1989.

Chaturvedi is optimistic that Srivastav's expertise in marketing will secure enough orders to turn Wimco's sick subsidiaries around. His confidence about exporting matches to Europe is, however, not shared by Srivastav. According to Srivastav, Wimco cannot compete in Europe's matches market. He believes that in African countries like Nigeria and Sudan, there is immense export potential and he already has excellent business connections there.

The pair's grand plans notwithstanding, their work is cut out for them. Wimco's bottomline has been helped by sales of assets which netted over Rs.15 crore between 1987-90. The company's match and food processing activities face major problems. Chaturvedi denies that he is interested in selling the fixed assets of the company. But they are a potential bonanza in case he changes his mind. ■

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CARBON CORPORATION

A hidden raider?

The annonymous attacks on the equity of this Bangur group company point to the factions in the family. Whatever the identity of the raider be, it bodes ill for the group's other companies

"How can I raid my own company," asks Krishna Kumar Bangur, director of Carbon Corporation Limited (CCL). KKB, as he is popularly known, is the grandson of Narsing Dass Bangur, the patriarch of one of the three factions of the Calcutta-based business house, each at loggerheads with the other since the family split two years ago. In the re-organisation, Narsing Dass got most of the manufacturing companies in the Rs.600-crore group like Shree Cement, Shree Digvijay Cement, Shree Synthetics Ltd and Graphite India Ltd.

Now it is rumoured that KKB has been cornering CCL shares for the last few months. The offered explanation: the status of CCL vis-a-vis the family faction was not decided during the re-organisation. And though KKB is on the board, it is in fact the other factions of the family that actually have financial control of the company through investment firms which are in their charge, and now KKB is trying to establish his financial control over it.

Moderate profit

CCL, a little-known company based in Bombay with a manufacturing facility at Nashik, makes graphite electrodes which are used in electric arc furnaces in mini-steel plants. With a market share of 30 per cent, the company reported a moderately good net profit of Rs.1.42 crore this year on sales of Rs.39 crore. Yet its share price has more than doubled since January this year — from Rs.29 to last week's Rs.75. Nearly 400,000 shares — about 10 per cent of the company's equity capital of Rs.3.6 crore — have been bought by various brokers on the market in the last few months, but the management has consistently refused their transfer on the ground that it was part of a hostile takeover bid.

CCL was promoted in 1974 by the then famous Bombay stockbroking firm of H.L. Financial Consultants and an associated company, H.L. Investments, in technical collaboration with Graphite India, a Bangur company. In the early eighties, H.L. Investment's interest in the company is believed to have been bought over by the Bangurs.

H.L. Investments controls 6.14 per cent of the company's equity, the financial institutions 32.9 per cent, NRIs 9 per cent, the public 28.4 per cent and corporate bodies 23.4 per cent, the latter being largely Bangur investment companies. The Bangurs did not have a family member on the board till August 1989, when following the family split KKB was inducted as a director. According to KKB, "Our financial participation in the company is through H.L. Investments, and Mukul Harkissondass (of the original promoter's family) and J.B. Dadachanji are our nominees on the board."

CCL electric furnace: sale has gone up seven times

Rumours of who is behind the takeover attempt abound. One of the 50 largest shareholders of CCL explains; "the two Bangur groups — Benu Gopal Bangur and Narsing Dass Bangur — are still at loggerheads over the verbal agreement to divide the family businesses. Thus, the possibility of Mukul Harkissondas cornering shares and getting the support of either faction is not ruled out. In a commanding position as leader of the present management, he would also enjoy the financial institutions' support. It is also possible that one of the two Bangurs is using Mukul to gain control over the company."

According to a manager of a financial institution, however, realising the company's growth potential, the Bangurs are trying to remove Mukul. The company has made profits in the last two years, after years of losses and with demand for steel rising, the sale of graphite electrodes is expected to grow several times.

But a close observer of the family paints a different picture: "The fight for CCL is most likely among the Bangurs who have around 80 investment companies." Control of CCL now depends on which faction finds favour with the financial institutions and banks.

While Harkissondass was not available for comment, K.K. Bangur was unwilling to discuss the dispute. "CCL's board suspected a hostile takeover and so it was the consensus of the board, after the meeting held on 21 November 1989, not to transfer shares which came in lots of more than 500 pending enquiry," he says. At the meeting the transfer of 169,200 shares was rejected of which 42,700 were from the Bangur group.

Company directors also resolved to reject the shares lodged in lots of over 500 in number, fearing that the spurt in acquisition of shares was an attempt to corner equity and destabilise the management.

In the petition filed with the Company Law Board (CLB) on 4 January 1990, the company indicated that the maximum volume of trading in the company's shares since inception in a month was only 17,168. And on an average, about half a per cent of shares have changed hands annually over the last five years. But in a five-month period, nearly 400,000 shares of the company were lodged for registration. The CLB hasn't made a decision yet but one is expected before this month's annual general meeting, though the issue has been pending with the board for eight months. This would indicate which area the takeover is coming from.

Since the AGM is scheduled for 23 August 1990, the company has announced book closure from 1 August till the AGM date. If the matter is *subjudice* on 23 August, the rights and dividend entitlement to those whose share transfers have been rejected will be frozen under section 206 A of the Companies Act pending the CLB's decision.

Thus, while the hidden raider may be revealed soon, the CCL case may well be an indication of the shape of things to come in the Bangur group.

■ LANCELOT JOSEPH

GUJARAT AMBUJA CEMENTS

Sterling performance

The five-year-old cement company is the most profitable in the industry today. Besides incentives, determined cost cutting has pushed it to its current position of pre-eminence

He is 40, fair, tall and slim. Usually clad in a white safari, he drives around in a 1984 Premier. He comes from a typical Marwari trading family, but stood second in chemical engineering from Bombay University. Meet Narotam Sekhsaria, a man to watch in the future.

Sekhsaria heads Gujarat Ambuja Cements Ltd (GACL) — the most profitable among the 50 cement companies in the country. Last week, GACL announced its results for the year ended June 1990. Its sales, at Rs.117.19 crore, were 24 per cent higher than the previous year, and net profits, at Rs.14.51 crore, were up by 276 per cent. Its gross profit margin was 20 per cent and earnings per share was Rs.7.26. The result: its share price shot up from Rs.20 four months ago to Rs.80. In comparison, ACC's sales were Rs.1,000 crore on which it earned a net profit of Rs.18 crore. GACL, in comparision, earned a net profit of Rs.14.51 crore on a sale of Rs.117 crore.

Gujarat Ambuja tops the list *(Rs. crore)*

	GACL	ACC	Madras Cement	Birla Jute
Sales	117.19	990.98	101.25	467.84
Gross profit	23.29	66.83	11.23	26.60
Profit before tax	14.51	26.67	0.71	5.54
GP/Sales (%)	19.87	6.74	11.09	5.69
EPS (Rs.)	7.26	3.18	2.35	2.28
Capacity utilisation (%)	130	96	88	89

"It is a superb performance," says M.R. Gami, general manager of the Gujarat Industrial Investment Corporation (GIIC), joint promoter of GACL. The latter's performance is even more remarkable because the other cement units in Gujarat are deep in the red. What, then, is the key to GACL's success?

Costs restricted

GACL's 700,000-tonne plant, for one, was installed only in two years and its cost was restricted to Rs.81 crore. This, in turn, resulted in lower depreciation and interest. The company also achieved higher capacity utilisation quickly: up to a whopping 130 per cent in 1989-90 from 115 per cent in 1988-89. T.V. Balan, managing director of the rival Cement Corporation of Gujarat Ltd (CCGL), suspects that GACL's actual capacity is more than what is stated. Of course, officials of GACL hotly deny this.

Higher cement prices during the year also helped GACL. "Prices went up to as much as Rs.85 per bag in some months, from Rs.65 in the earlier years," confirmed Manohar Bhai of Bhavin Traders in Ahmedabad. On an average, GACL's per bag realisation this year, at Rs.64.50, was Rs.5 more than that in the previous year. But finance manager Anil Singhvi points out that the benefit arising from the price increase has been eaten up by rising costs.

Nevertheless, GACL's cement fetches a premium of Rs.2 to 3 per bag in the market, as confirmed by cement dealers in Ahmedabad, Surat and Baroda. The reasons behind this, according to Sanjay Bhai of Shah Rajanikant & Co in Surat, a cement dealer, are GACL's effective advertising campaign and consistently good quality.

Of course, the sales tax exemption and excise concessions enjoyed by the company helped it to gain leadership. In the early years, at least, these helped the company to hawk its cement at a price lower than the others. Now, rivals in the state maintain, these benefits add to GACL's profits. The benefit from sales tax exemptions alone in 1989-90 was about Rs.10 crore and the Rs.50 excise rebate per tonne added another Rs.3.30 crore. The total fiscal benefit was therefore just Rs.1.20 crore less than this year's net profit. Thus, rivals are quick to point out that GACL's profits are only due to the incentives.

Nothing, however, can be further from the truth: the sales tax benefits are given to compensate the extra cost of going into a backward area. Similarly, the excise concessions are to compensate for the higher capital cost of a new unit. Sekhsaria argues that GACL needed both. GACL's interest and depreciation cost per tonne, for example, in 1989-90 was Rs.119 and Rs.97, respectively — nearly double that of ACC's. Thus, the total additional burden was about Rs.9.5 crore.

Clearly, fiscal benefits do help, but it is certainly not the key to success. "Fiscal benefit becomes meaningful only when a plant is run efficiently and produces good quality," says Anand Rathi, senior president heading Indian Rayon's cement division. Rathi is right. Modi Cement and CCGL, which enjoyed the same benefits are deep in the red.

Notable success

The most notable achievement of GACL is perhaps, its success in bringing down the cost of production of cement. Its manpower cost per tonne of cement, at Rs.27, is half the industry's average. Power consumption too has been substantially reduced to Rs.106 per tonne of cement in 1989-90, Rs.30 lower than that in the previous year. "We saved Rs.2.72 crore on this account alone," claims Sekhsaria.

First, GACL brought down its consumption to 98 units per tonne, from 116 units in the previous year. It also reduced its cost of power to Rs.1.08 per unit, from Rs.1.17 in the previous year by using 40 per cent self-generated power. It installed two diesel generating sets, which use cheaper fuel, at a cost of Rs.11 crore. These produced electricity at an amazingly low cost of 79 paise per unit, against Rs.1.25 from the state grid.

The current year is expected to be even better for GACL as cement prices are ruling high. The target is to produce 1 million tonnes (mt) of cement and, if the company maintains the same profitability, the net profit in the current year may go up to Rs.20 crore.

Meanwhile, Sekhsaria has also decided to set up a new 1 mt cement plant near Bilaspur in Himachal Pradesh. Work on the project has begun and it is expected to go on stream by the end of 1992. The project will cost Rs.200 crore, of which Rs.28 crore will come from the surplus generated by GACL so far. Himachal and the nearby states are cement deficit areas and, if GACL can repeat its performance in Gujarat, it is sure to hit the jackpot once again. ■

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SKF

Is competition catching up?

Though competitors are also going in for massive expansion and modernisation, the market leader in roller bearings, by its sheer superiority in quality of products, strong brand loyalty and good customer service, is likely to stay ahead

Mathews, Huddy and Wadia: ready to face any challenge

SKF Bearings India is today undoubtedly the market leader in the roller bearing industry. But this could be changing. Many bearing manufacturers who, till recently, were no threat to SKF, may become strong competitors, aided by an unprecedented boom in the industry. Although total bearing production has almost doubled during the last five years, it can only meet two thirds of the total demand. During 89-90, indigenous turnover was roughly Rs.455 crore, while imports lay somewhere between Rs.200-250 crore, more than half of which were accounted for by smuggled bearings.

The automobile industry is the single largest consumer of bearings, next only to the heavy engineering industry, which includes textile machinery, the railways and machine tools. Small wonder then, that with a runaway boom in the automobile industry, coupled with a steady growth in the engineering industry, bearing manufacturers are sitting pretty in a seller's market.

Plant at Bangalore: state-of-the-art technology

Racing ahead

The Pune-based SKF, which produced 26 million bearings during 1989-90 and achieved a turnover of Rs.141 crore, enjoys a roughly 30 per cent market share. The company's production has nearly tripled in the last five years and with demand soaring at the rate of 20 per cent annually, SKF is racing ahead with its expansion plans. By 1994, the company would have nearly doubled its capacity to 45 million bearings. Most of the expansion is to come at its recently commissioned state-of-the-art plant at Bommasandra near Bangalore.

Eighteen manufacturers in the country accounted for 90 million ball bearings produced last year. The production breakup of the big five shows: SKF (26 million, Rs.141 crore), National Engineering Industry (NEI) (24 million, Rs.135 crore), FAG Precision (9 million, Rs.47 crore), Antifriction Bearings Co. (3.8 million, Rs.48 crore) and Tisco's bearing division (5.2 million).

The scenario is however undergoing a rapid change as every one of these manufacturers is planning massive expansions. FAG Precision will double its capacity from nine million to 18 million in two years. Their new plant at Baroda will be fully automated incorporating the latest technology. Antifriction Bearings Company Ltd (ABC), the leading manufacturer of large sized cylindrical roller bearings (a type not made by SKF) is now expanding four times. Says P.M. Patel, its managing director, "We plan to take our capacity to 17 million, of which 10 million would be ball bearings." ABC, which today makes only roller bearings, will thus become a direct competitor of SKF, which makes mostly ball bearings. Tisco will also double its ball bearing capacity to 10 million. Again, Tata Timken, a new company will separately invest Rs.84 crore to make taper roller bearings and railway axle boxes.

NEI, a C.K. Birla company, which was manufacturing bearings 15 years before SKF entered the fray in 1963, is aware that it has lost out to SKF on quality considerations. But it is now making a determined bid to regain its lost leadership. Two years ago, it signed a technical tie-up with NTN of Japan and has, since then, invested Rs.60 crore in modernisation. As such, a quantum improvement in quality of NEI products is on the cards. Moreover, NEI is in the final stages of negotiating a fresh tie-up with NTN to set up a brand new plant with a capacity of 20 million ball bearings. This expansion would take its capacity to 44 million by 1994 resulting in a neck and neck race with SKF.

Consumer reaction provides the best barometer to gauge the changing scenario in the bearings industry and Bajaj Auto,

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which consumed nearly 12 million bearings last year, is particularly well placed to do this. It bought 50 per cent of its requirement from SKF, according to Sudhir Jain, its deputy general manager, (purchase). "We also buy a substantial quantity from National Engineering Industry (NEI)," says Jain. He adds, "SKF bearings are outstanding in quality, but FAG and Tisco bearings are not far behind, though their supply volumes to Bajaj Auto are low at the moment due to capacity constraints on their part."

Telco, another major bearing-user, also has SKF as its major supplier. However, it buys substantial quantities from Antifriction Bearings, Tisco and FAG Precision too. Telco engineers tend to agree with Sudhir Jain. "Though SKF quality is the best, FAG Precision, Antifriction and Tisco are fast catching up."

Will SKF be able to hold its own with this increasing competition? Gordon Huddy, managing director of SKF India, admits that competition is getting keener. "NEI is still a major competitor and several others are also emerging as significant challengers. But we welcome such a change," he says. Adds Thomas Mathews, vice-president, (marketing) of the company, "Competition or not, we have always remained trend setters."

According to Huddy, the company is investing Rs.212 crore in expansion. This represents the largest investment by any Indian ball bearing company in recent times. It is also the largest in the SKF group worldwide, outside Europe. SKF has already spent Rs.48 crore out of this amount to set up two fully automated lines with a capacity of nine million bearings. It plans to invest another Rs.140 crore in a short span of 18 months, to add a capacity of 13 million more.

The two lines at Bangalore which went on stream only in May 1990, are not only fully automated but produce bearings at a very high speed and reputed to be of the best quality in the world. Raw material is fed in at one end and assembled bearings roll out at the other end at a speed of 30,000 units a day. One of the key technologies involved in this new plant to ensure consistent high quality is the hi-tech automatic gauging. "We have pre-process, in-process and post-process gauging which act as quality watchdogs at the Bangalore plant," says Richard Gresko, vice president (manufacturing).

Pre-process gauging consists of ultrasonic sensors which detect surface defects, cracks etc at the raw material stage itself. In-process gauging detects any shift in dimensions while the machining process is on, and accordingly provides automatic correction to the machines. Post-process gauging ensures that the final quality of the bearings meets international standards. In all these cases, at no stage does

Financial track record

(Rs. in crore)

For the period ended	Mar '90	Mar '89	Dec '87	Dec '86	Dec '85
Equity capital	24.70	12.35	12.35	12.35	8.82
Networth	89.51	60.10	42.79	34.68	30.81
Fixed assets	N.A.	101.17	65.19	57.18	63.62
Gross sales	141.95	131.05	83.36	66.06	52.56
Interest	7.22	4.86	2.80	3.19	2.66
Profit before dep (PBD)	37.61	34.93	23.78	17.56	11.47
Depreciation	10.35	6.31	4.54	4.38	4.77
Tax	6.50	7.50	8.40	3.95	0.57
Profit after tax (PAT)	20.76	21.12	10.84	9.23	6.13
Return on capital employed (%)	N.A.	32.94	33.80	29.14	20.06
Debt: equity	N.A.	0.76:1	0.64:1	0.73:1	0.85:1
Inventory: sales (%)	125.95	222.10	124.53	110.20	123.58
Bonus/rights		B-1:1			B-2:5

A consistent performer

SKF, which has been an investor's favourite, has put up significantly better performances year after year, with both sales and profits recording quantum growth.

"A noteworthy aspect of the company's funding strategy," says a stockmarket analyst, "has been its inherent capacity to generate huge cash accruals. This, coupled with limited borrowings, has added up to very sound fundamentals. "Interestingly, the company has not made any rights issue since its inception and none is likely in the future." This is to pre-empt any takeover bids as our technology is very closely held," says a top executive of the company.

The distribution policy has been marked by liberal bonuses. There have been three bonuses in the last decade. Dividend payout however, has been moderately conservative. But, on the other hand, capital appreciation has been extremely good. An investor who bought 10 shares in 1985 at a market price of Rs.550 each would today own 28 shares after two bonuses. At the current market price of Rs.1,640, his original investment of Rs.5,500 would be worth Rs.46,000 — an appreciation of 840 per cent.

Soaring growth. The foreign collaborators hold 51 per cent of the equity while 5 per cent is held by the Tatas. (That could be one reason why Tata Timken will make only taper roller bearings while SKF is concentrating more on ball bearings to avoid direct competition. The floating stock is however quite low around 2 per cent, says Nemish Shah, a BSE broker. According to him, "SKF is an excellent investment today for a medium to a long term holding. The huge investments the company is currently making are bound to result in sharp growth." Shah certainly has a point, because in the current year itself production is scheduled to leapfrog from 26 million to 34 million bearings.

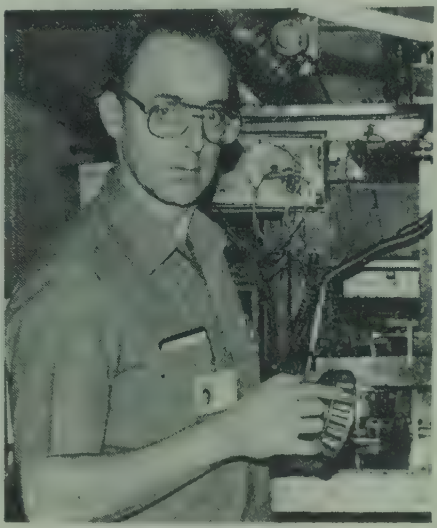
The share had touched an all time high of Rs.3,020 just before the 1:1 bonus in 1989. EPS had also touched a record high of Rs.171 at that time. Sharemarket pundits had predicted a dip in EPS during 1989-90 due to increased interest and depreciation costs, resulting from the investment at Bommasandra. However the latest results have surprised everyone and SKF has once again posted an EPS of Rs.84 on the increased equity which almost matches the pre-bonus EPS of Rs.171.

Shah predicts that the turnover is likely to be around Rs.500 crore by 1993-94 with commensurate rise in profits.

■ AVINASH GORAKSHAKAR

the line stop running as would be the case in manual checks.

Quality audits are carried out every month by the SKF group at its 45 factories worldwide. "The latest audit shows that the quality of bearings produced at the Bangalore plant is the best in the world" Huddy says. There is no doubt that with the hi-tech plant at Bommasandra (Bangalore) SKF Bearings have taken yet another quality jump ahead of others. "That ensures our market leadership because we look at least five to ten years ahead," says Mathews.



Gresco: technology is our cutting edge

Gresko feels that "technology is our cutting edge which helps us stay ahead. And that's no hollow claim, because SKF India has access to its parent groups R&D facilities on which 500 million Swedish kroners are spent every year. "This is available to SKF Bearings India at practically no cost," says Mathews.

From the technology angle, two things are crucial in bearing manufacture — machinability and cleanliness of bearing steel (a special steel used for making bearings) and grinding technology (as grinding is an important process in bearing manufacture). Bearing steel of high cleanliness and machinability is just not available easily. "Small quantities of bearing steel, now being made in India, have poor machinability and can bring down production efficiency by as much as 60 per cent," says Huddy. This perhaps is the root of the quality problems faced by other Indian manufacturers though they mostly use imported steel. However SKF AB (Sweden) is one of the largest producers of high quality bearing steel in the world, which gives SKF India yet another edge over its competitors.

As far as grinding is concerned, Lidkoping Machine Tools and Flexlink Machine Tools, two SKF subsidiaries, have perfected grinding technology which is not only custom designed for bearing manufacture but is also a closely held technology. And it is these subsidiaries which have supplied practically all the machines used at Bommasandra.

For SKF, all these changes come at a time when its financial underpinnings are stronger than ever. Sales have shown a sharp growth of 33 per cent (average) over the last five years. Both gross and net profits have more than trebled in the same period. In fact, the company commands the highest profit margins in the entire industry — twice the industry average and higher than all its major competitors. This has been made possible by quality of products, strong brand loyalty and very good customer service. Says Rajiv Ranka, general manager (materials) of Bajaj Tempo, "We buy 80 per cent of our bearings requirement from SKF not just because of its quality but because of the reliability of their supplies."

It is to the credit of the SKF management that it maintains strict control on raw material costs," says an industry watcher. The ratio of raw material to sales is pegged at around 40 per cent for the last five years (*see table*).

The gross block (fixed assets) has taken a massive jump from Rs.65 crore in 1987 to Rs.101 crore in 1989 mainly due to Bommasandra. But what is commendable is that this increase is entirely from internal accruals. "We have always had a conservative borrowing policy," says Keki Wadia, vice-president, finance. The low debt to equity ratio over the last five years bears this out. However, of late, borrowings and therefore interest charges have shown an increase — quite understandable in view of the massive expansion plans. "We will shortly come out with a Rs.45 crore non-convertible debenture (NCD) issue to part finance our investment of Rs.140 crore in the next 18 months," says Wadia.

Bearing Production in India

Year	Quantity (million units)	Value (Rs. crore)
1982	33.0	146.0
1983	32.0	150.4
1984	35.0	171.0
1985	44.4	211.0
1986	51.2	245.2
1987	58.0	280.1
1988	62.1	310.4
1989	68.0	380.4
1990	80.0	455.0
1991	90.0	580.0*
1992	110.0	670.0*
1994	140.0	840.0*

* Estimates

The rise in interest costs should be offset to a great extent by increased value addition at Bommasandra. Of course the most obvious benefits of an automated plant is a substantial reduction in employee cost. "There will be 370 employees at the new plant for a capacity of 22 million bearings compared with 2,000 employees at Pune where the capacity today is about 23 million," says Gordon Huddy. But that's just one part of the story. Reduction in process cycle time, lower material consumption and wastage, low rejections — all add up to a significant reduction in costs at the new plant.

Another salient feature of the financial performance is the inventory management. "We have cut inventories from three months' stock to one month level. We plan to bring it further down — to a week's level very soon," says Gordon Huddy. True enough, there has been a decline in the inventory to sales ratio from 40 per cent in 1985 to 25 per cent in 1989.

SKF's marketing strategies have been interesting. It has concentrated on 100 odd types of bearings compared to 400 types manufactured in India. Most of the bearings SKF makes fall in the small and medium size ranges. In fact, the largest bearing it makes is only 150 mm (six inches) in diameter. And again, out of the 26 million bearings made by SKF in 1989-90, 21 million were ball bearings and the rest were taper roller bearings. The thrust of the new expansion is again on small sized ball bearings.

"We are always quick to respond to market needs," says Huddy. This has been the secret of a profitable and prudent product mix. "For example, the third line at Bommasandra scheduled to go on stream soon will make small high precision bearings used in the electronics industry. This will be a 100 per cent import substitution," Huddy adds. "In the nineties we expect a big demand for bearings which are used in washing machines, automatic office machines, computers, etc" says Thomas Mathews. The bearing industry is therefore, certain to see increased competition, but SKF India seems fully geared to meet the new challenge. And there seems little doubt that it will be able to remain the market leader for at least some time to come. ■

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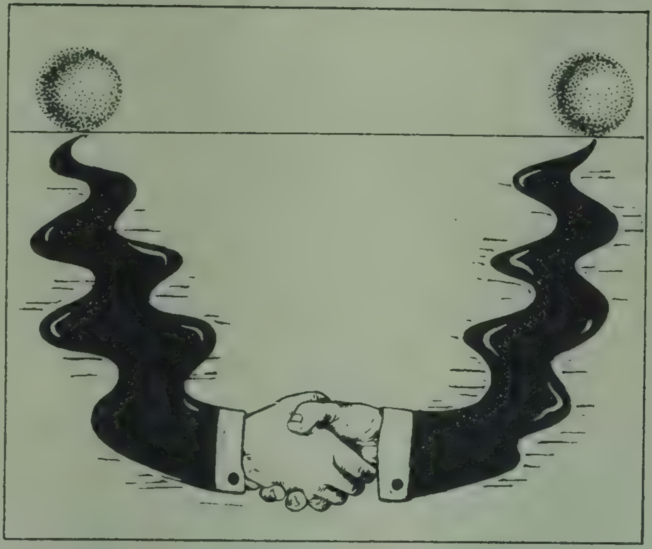

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Gamble pays off

Seven years ago, the company was deep in the red and declared sick. But a pragmatic rehabilitation package and improved labour relations are, albeit belatedly, putting it back into shape

The gamble is finally beginning to pay off for Gouri Prasad Goenka. Even though National Rayon Corporation (NRC) was crumbling, with its net worth capital wiped out, when he acquired it in 1983, Goenka had persevered. The result: after five years (1983-87) of net losses, NRC made a modest net profit of Rs.18 lakh in the year ended June 1988. And though accumulated losses of Rs.20.3 crore still dogged the company in its nine-month year ended March 1989, recently released results for the year ended March 1990 indicate that these have been halved. NRC has recorded a net profit of Rs.10.87 crore on a turnover of Rs.201.56 crore (last year: Rs.122.95 crore).

Challenge for Goenka

The low profile Goenka, chairman of the company, says: "NRC has been a challenge for me. The question of accepting defeat never arose. I was criticised, but I never even remotely thought of opting out. Things only had to be sorted out." Which they were, with the help of a combination of factors. As NRC was declared a sick unit, a rehabilitation package was designed by the Board for Industrial and Financial Reconstruction (BIFR). The market later turned buoyant for its products — rayon filament yarn (RFY), which accounts for 48 per cent of the turnover, nylon tyre cord (NTC — 38 per cent), caustic soda and other chemicals (14 per cent). Most important, it was stable labour relations that set NRC on the road to recovery.

NTC twisting: sudden boom in demand fuelled NRC's recovery

It has undeniably been a long haul for NRC, which sprawls across a 450-acre complex on the outskirts of Bombay. The company has witnessed three ownership changes in its 44-year history. Originally promoted by Babubhai Chinai in 1946, NRC was operated under the managing agency system. After that system was abolished, the Kapadia brothers manoeuvred themselves onto the board in 1974. But, by 1977, charges of embezzlement of funds (Rs.2.5 crore) and mismanagement empowered the financial institutions to operate NRC. Goenka then appeared on the scene in 1983. While the cost of his 30 per cent stake in NRC is still a secret, the remaining 70 per cent of the equity is equally divided between the financial institutions and the public.

Goenka: "never thought of opting out"

The trouble at NRC had begun brewing before Goenka's arrival. In 1982, the recession in the chemicals industry and the textile mills' strike had affected the sales and profits of NRC's chemical and RFY divisions. At around the same time, the tyre industry began shifting from rayon to nylon tyre cord. This forced the company to shut down its rayon tyre cord (RTC) plant by end 1982 and switch to nylon tyre cord instead. In the process, 1,242 workers were rendered redundant as the new NTC unit, which was smaller, could absorb only one-fourth of the old RTC unit's workforce.

This move only added fuel to labour's fire. NRC workers had already been agitating for recognition of the Datta Samant-led Maharashtra General Kamgar Union (MGKU), which they had joined en masse in 1981 after abandoning the NRC Mazdoor Union. Now, as the former RTC unit workers were reluctant to accept the voluntary retirement scheme (VRS) offered to them, dissent became stronger. Simultaneously, they were clamouring for higher bonus, which was refused as NRC's profits and turnover had dropped in 1982.

Labour strikes

There were two major closures in 1983: one from January to March, and the other which began in December and dragged on for 18 months. Goenka bought the company over between the closures and had its plants reopened only in May 1985. Ever since, there have been several go-slows over the years, with workers frequently resorting to violence, threats and agitations. The atmosphere was so tense, recalls Goenka, that "to join the Goenka group, people said yes. But an assignment at NRC? No!" Matters finally started easing after the management agreed to talk to the MGKU in 1987.

At about the same time, the markets for NRC's products were on the upswing. As the cost of PFY shot up, mushrooming powerlooms and reawakened textile mills increased their consumption of RFY.

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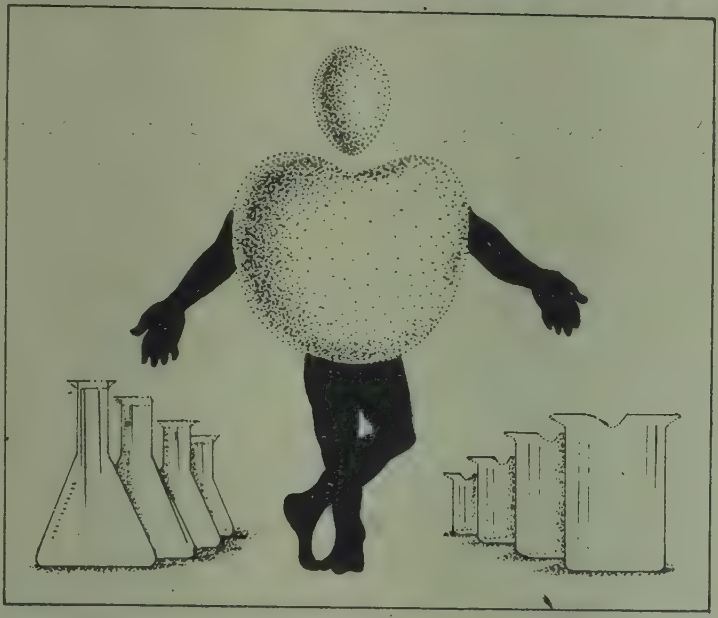

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The boom in the automobile industry boosted demand for NTC from the tyre manufacturers. And though offtake remained virtually stagnant between 1986 and 1989, on an annualised basis, there were better average price realisations for NRC's NTC and RFY — 9 and 13 per cent, respectively. A boom in rayon fabric and yarn exports has hiked up the demand for RFY domestically, thus 1989-90 has been even better. "It was the magic of the markets and stabilised production that helped NRC," says an industry observer.

Help from BIFR

The BIFR helped it too. In 1987, when the proposal for a revival package for NRC was submitted, BIFR had just become operational. The package, approved in 1988, gave NRC some breathing space, vis-a-vis its old debts. The financial picture that BIFR saw was dismal: net worth was wiped out and fixed expenses during the 18-month closure were nearly Rs. 1.25 crore a month. On reopening, a Rs.10-crore term loan was given to NRC by financial institutions to restart work and for a labour settlement.

Under the BIFR scheme, institutional loans repayments were rescheduled and interest was reduced and defined. Additional capital was pumped in — BIFR contributed Rs.3.22 crore for upgrading equipment while Goenka brought in Rs.4 crore as promoter's capital. A further Rs.3 crore was realised from the sale of property.

Though NRC's interest burden is hefty even today — 60 per cent of the operating profit in 1989 — there is no denying that the BIFR package has been generous. "The financial institutions and banks have been very co-operative, giving us blanket support," acknowledges Goenka. R.S. Sharma, the BIFR nominee on NRC's board, is also appreciative. "NRC has fared better than envisaged in the scheme, especially in terms of profitability," he says.

Financial health was just part of the job. By the time markets improved, says Goenka, "We were technically unprepared to provide adequate quality and productivity." Century Enka's RFY, for example, is better than NRC's as is its productivity — 15 per cent higher with the same number of machines, says Goenka. Consequently, a concerted effort has been made to upgrade the plants.

Since 1985, all surpluses have been ploughed back to bring in balancing equipment as well as to overhaul the existing machinery. Repairing each rayon spinning machine costs Rs. 8 to 10 lakh. "Repair and maintenance costs are very high for these machines as the acid-based production process is corrosive," explains vice-president M.K. Seshadri.

Efficient technology

Measures to improve production are being implemented. Machines which once spun 1650 denier rayon tyre cord are being adapted to make 450 denier RFY; nylon tyre yarn is being twisted on rayon tyre yarn machines; inventory is controlled better and once NRC switches over from membrane cell technology to the more fuel-efficient mercury cells, the power cost for producing new caustic soda is expected to drop from Rs.3,400 per tonne to Rs.2,400.

RFY spinning: upgrading equipment is an expensive process

"Everything is not hunky-dory yet," says Goenka. In the next two years, the emphasis will be on consolidation and modernisation rather than ambitious diversification. "The stress will mainly be on improving both the products and production," says Jagdeesh Mehta, chief executive. "In the next couple of months our major capital expenditure will primarily be on modernising and upgrading our rayon and chemical plants," says Goenka. Once BIFR clears the Rs.50-crore modernisation proposal, it will be implemented by the end of this year.

But is it prudent for NRC to invest in and rely upon only on its existing products? A glut is expected in the NTC market as production capacities in the industry have been increased significantly. Goenka, however, is not unduly worried. He agrees that the next two years will be difficult, but since all the products offer good paybacks, the company will have long-term viability and fairly reasonable profits. "Ups and downs keep occurring, but they will sort themselves out. It's all part of the game," he says.

Hence the cautious, conservative, medium-term blueprint being drawn up by Goenka for NRC seems to be good strategy. By keeping plans to the basics, Goenka is also playing a waiting game, watching the market before making his moves. Areas having potential are being strengthened, and those which don't are being sidestepped. As the chemicals market may be undisturbed, and demand for caustic soda is expected to burgeon, the plant is being expanded and modernised. The demand for RFY should be stable, but the NTC market could slump.

Share price up

An upswing is clearly visible in another important market — the stockmarket — which has been quick to react to an improved NRC. The recently announced preliminary six-monthly results for the second half of 1989-90 have sent NRC shares soaring to Rs.1,090 (27 July), up from Rs.190 in June 1989.

On an annualised basis, the earnings per share, a paltry Rs.3 in 1988, rose to Rs.38.5 by March 1989, and for March 1990 it is a record Rs.181.5 for NRC. However, dividend prospects in the near future are dim. The last dividend was paid by NRC in 1982, while a bonus issue was made in 1972. According to Goenka, NRC is likely to pay a dividend only by 1991-92 after the net worth has been restored, losses erased and the interest burden reduced.

In many respects, 1991-92 appears to be the key year for NRC. By then, says Goenka, "I want a lean company. And if things go according to plans, turnover will cross the Rs.300-crore mark and losses will be wiped out. Then the real growth period will start and we will diversify into unallied lines." And then, NRC will be on its way to becoming a blue chip company once again.

■ INDIRA KHANNA

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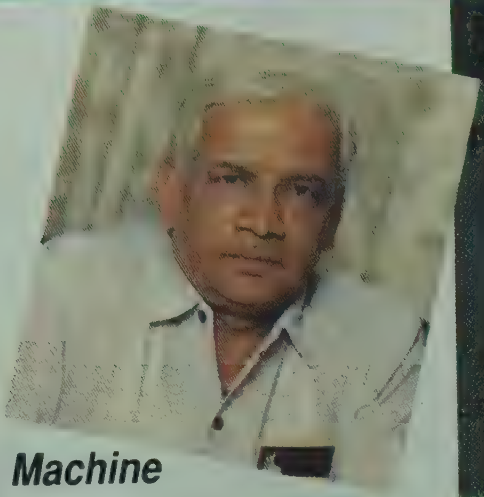

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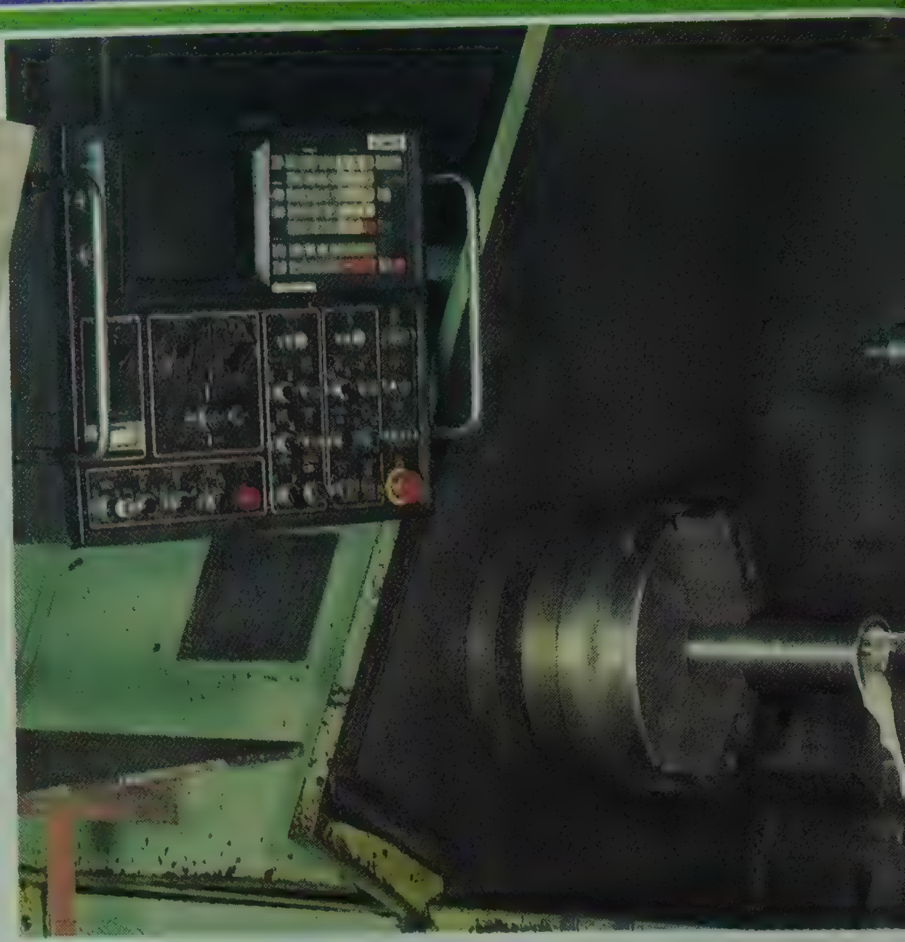

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KOTAK MAHINDRA

Prospering in a niche

Uday Kotak, managing director of the bill discounting firm, Kotak Mahindra Finance Limited (KMFL), is on the telephone at his modestly appointed office in south Bombay. A prospective client is on the line and he is in need of immediate finance, of perhaps a few crore. They are haggling over the terms and Kotak is at his charming best. In minutes the deal is closed with the party on the other side being offered a rate that is a full per cent lower than what a multinational bank had promised him. One phone call and a few crore has been added to KMFL's already burgeoning 1990-91 turnover.

Snap decision making has been an integral part of KMFL's drive to become the biggest bill discounting firm in the country today. Uday Kotak is hardly known outside Bombay's stratospheric world of high finance. But he and his 50 member low profile team of young chartered accountants and management graduates are now responsible for making those in the banking sector sit up and take notice despite its turnover in the bills market being less than one per cent of that of the banking sector. Even KMFL's nearest private sector competitor CIFCO, is only a fourth as big in the business.

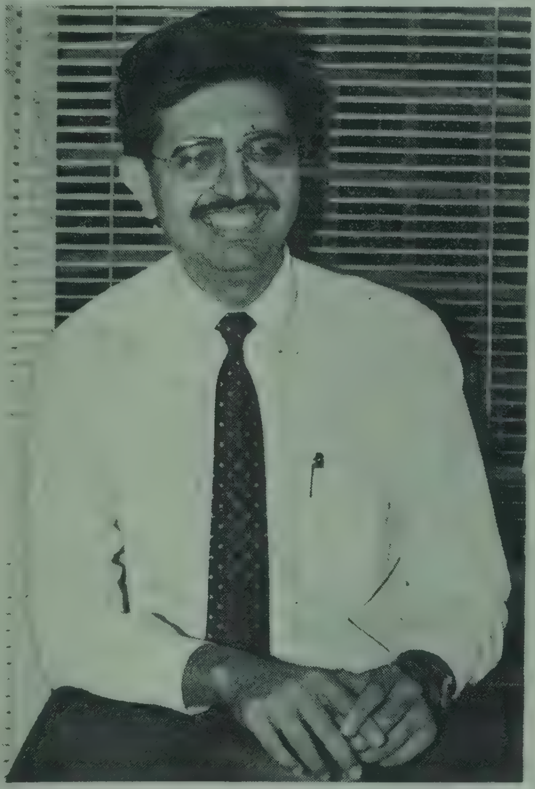
Short term credit

Discount houses are an essential feature of modern economies. They provide short term credit to supplier and manufacturer against an invoice raised by the supplier on which the buyer has signed acknowledging receipt of goods. This then acts as a negotiable document for such credits.

Having given the credit the supplier can refinance the invoice with a bill discounting firm. This means accepting less than the face value of the bill now in return for the financing firm receiving the full amount later. "Discounting" may represent both an interest charge and a charge for the risk of default on the due date. A bill can either be discounted (lent finance against) by a discount house or can just be accepted (lent a signature) by an acceptance house.

The key difference between leasing and bill finance is in the kind of risk assessment. While leasing requires a consideration of the long term ability of a client to pay, bill finance considers the short term ability. Since longer term creditworthiness depends on the state of the industry and the economy and the leased assets' residual value, which are a bit difficult to assess, there has always been a herd mentality in leasing. Bill finance, on the other hand, requires a sharp look at a client's creditworthiness, not the asset being financed.

KMFL is the only company in India which is almost exclusively devoted to bill discounting. Kotak who set up the company is a 31-year-old management graduate who started life in the finance department of Kotak & Co, his family's trading firm. The fact that the family was traditionally into money lending helped.


Kotak: a keen sense to clinch deals

Mustering support

Kotak started KMFL in 1986 with a share capital of Rs.30 lakh and two years' experience in bill discounting gained on the side while working for the family firm. A friend, Anand Mahindra, managing director of Mahindra Ugine Steel Company, chipped in with a minority shareholding but preferred to stay out of management. "I preferred to have a minority stake in a well managed company rather than have a majority stake in a mediocre company," Mahindra says, obviously proud of his association with the firm.

In the very first year KMFL earned a profit of Rs.25 lakh. After four years, in 1990, KMFL has had a more than eightfold jump in both profits (Rs.3.06 crore) and net worth (Rs.5.54 crore). Importantly, the net worth has been augmented largely by internal accruals except for a rights issue of Rs.35 lakh in March 1989 which increased the net worth to Rs.65 lakh. So impressive is KMFL's rise on India's financial map that the International Finance Corporation (IFC), Washington, is soon to share 15 per cent of its equity, subject to the government's approval.

Between 1984 and 1986 when the money market first opened up, as many as 250 finance companies went public. Many did venture into bills finance, but as the leasing boom caught on, most of them let bills finance relegate into the background.

In fact, the Reserve Bank of India has since 1970 been advocating increasing use of bills finance as an alternative to short term finance. In the mid-seventies, the RBI had asked banks to ensure that at least 25 per cent of the working capital limits were in the form of bills. Although at that stage, the RBI did not see the necessity to set up discount or acceptance houses, the Narasimham Committee which studied the question of bills finance had gone on record as saying, "If efforts were made in the direction of setting up separate acceptance/discount houses or merchant banking divisions, the Reserve Bank of India should extend its support and consider accepting the signatures of such specialised institutions as a good signature."

Recourse to summary suits

Says Sidney Pinto, one of the country's most respected merchant bankers, who is also on the board of KMFL, "Bills finance is better (for a leader) than lease finance because in bills the exposure to risk is for a maximum of 90 days as against a three or five years' lock in period for lease finance. Inter-corporate deposits, on the other hand, are backed with no security, whereas bills finance with its recourse to summary suits for recovery is an ideal in-between." But the bills culture never really caught on till the mid-eighties, when the likes of KMFL, CIFCO, 20th Century Finance Limited and Empire Finance moved in.

But in the booming financial market of the late eighties, while CIFCO and 20th Century Finance got sidetracked into what were more lucrative areas at that time — merchant banking and leasing, KMFL persisted with bill discounting

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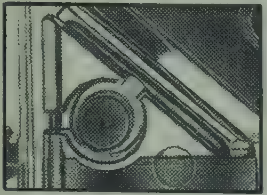

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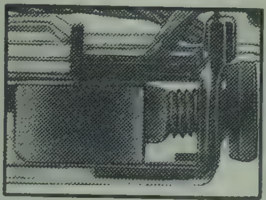

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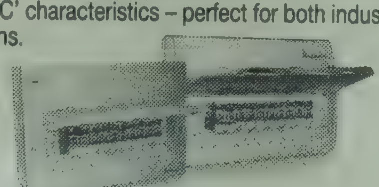

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carving a comfortable niche for itself.

KMFL was clearly planning for the long term, giving up the 40 per cent annual returns available in the leasing market for the less glamorous but steadier business of bill finance. When the leasing boom ended in 1987, its strategy paid off. Says Pradip Shah of the credit rating firm, CRISIL, "The success of KMFL is due to its being in a niche market." Adds Kotak, "bills finance is an enlightened mode of finance the world over because of its self-liquidating nature and I had really no doubt that we could make a success out of it here too."

Within its first year, KMFL's turnover in bills was Rs.90-100 crore, a figure which galloped to Rs.850 crore by last year. And alongside grew its profits. On a capital of Rs.1.3 crore last year, profit before tax was Rs.8.6 crore.

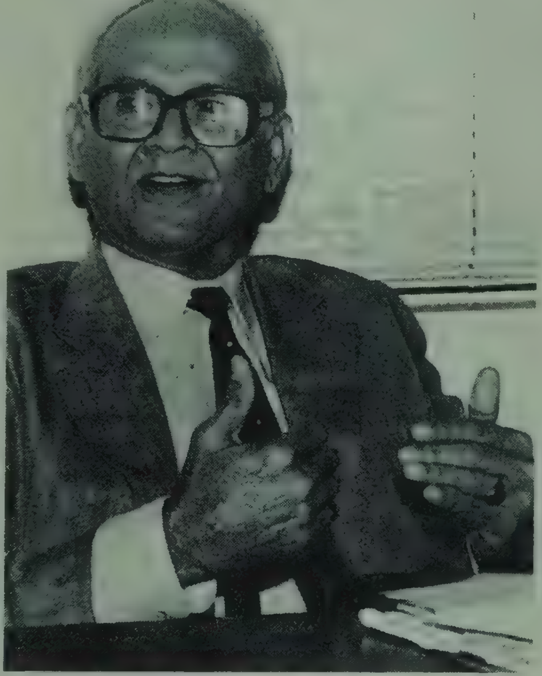
Kotak no doubt has been the driving force behind KMFL's success. The success is due to what Pinto calls "his keen sense to spot business and clinch deals." KMFL, of course, is the only private finance company in the country which concentrates almost entirely on bill financing. Consequently, its only real competition is the bureaucracy ridden public sector banks, who for obvious reasons cannot match the quality of service KMFL offers, and the foreign banks.

Efficient fund management

Kotak's focus from the beginning has been on efficient fund management. Against a net worth of Rs.5.5 crore during 1989-90, KMFL borrowed a little over Rs.18 crore of which Rs.7 crore were unsecured loans. However, the interest charges paid by KMFL in that year were a mere Rs.44 lakh which is just 4 per cent of its gross income of Rs.9.9 crore. Obviously, the borrowed funds were turned over fast. The company's debt-equity ratio is at a low safe 3.28:1, considering the fact that finance companies can borrow ten times their net worth. The low borrowing suggests that the company is competitive because it can turn around its lower cost equity fast enough to compete with the cheap funds of deposit-fed banks. Says Shekhar Sathe, senior dealer at Bank of Nova Scotia, one of KMFL's leading bankers, "KMFL is properly leveraged and properly matched."

The discount income of Rs.4.11 crore KMFL earned last year, observers say, is again an indicator of KMFL's ability to turn around funds very fast. The company manages to make sure that there is not much of idle cash left lying around and, at the same time, no trustworthy prospective client goes away without the money he has asked for. Says a borrower who manufactures pesticides, "For us KMFL is like a mini banker." The company usually gets its bills discounted by banks in eight to ten days which is considered to be an excellent turnaround period as against banks which often hold the bills till maturity.

The other factor responsible for the high discount income is the better rates that KMFL is able to charge in return for excellent service. The company charges anything between 15.5 and 17.5 per cent. The rates could vary depending on the creditworthiness of the borrower and the quality of services offered. "If need be, we can sanction and release the amount to a client in 24 hours," says Kumar Chandra Nair, KMFL's assistant vice-president.



Pinto: bills finance ... an ideal in-between

Practically foolproof

Though most of KMFL's clients are large and medium size blue chip companies like Tata Electric, Bharat Forge, Mahindra & Mahindra, it also has clients which are not very well known and whose creditworthiness might not be very high in the market; the rates for these are much higher. But, importantly, KMFL has a near foolproof system to appraise the creditworthiness of its clients. Says Nair, "Credit appraisal involves balance sheet analysis, verification creditworthiness with banks and market information." Adds Kotak, "We have our ears close to the ground."

Once the funds are given out, the monitoring and recovery schedules are religiously followed. As a result, KMFL claims "zero bad debts" in its bills portfolio. Points out an observer, "These financial companies are street smart; and unlike public sector banks, they do not have the compulsions of financing those who only appear creditworthy. Once a client defaults, he is out of the private financial stream almost immediately." As KMFL often rediscounts its bills with banks, it indeed acts as a valuable filter to the banks' credit appraisal system.

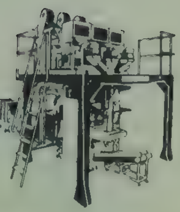
Added to all this is KMFL's aggressive marketing approach. Says Nair, "Each executive at KMFL regularly makes at least three phone calls per day to prospective clients." Adds Shivaji Dam, KMFL's company secretary, "Very soon we will also have a separate marketing team on board." "But it is the ability of KMFL's team to clinch a deal in a split second that makes the difference," says Mahindra.

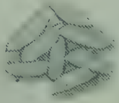
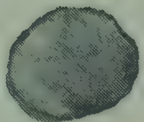
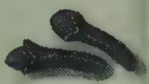
With the opening up of the country's financial system and given the RBI's desire to promote bills culture, the idea of bills finance is catching on fast. Some leading financial companies like Tata Finance, 20th Century Finance and Birla Growth Fund all plan to activate their bills finance department. "More competition will squeeze margins and we will have to increase our volumes to maintain our profitability," says Dam. Maintaining the high growth rates achieved in the first few years would be tough, admits Kotak. Therefore, KMFL is looking at new areas for expansion.

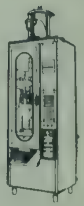
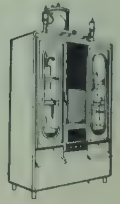
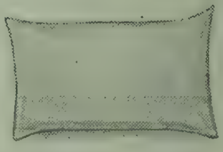
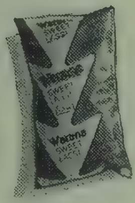
To start with, the company is working out a consumer finance scheme for purchase of cars with Bombay's leading dealers and with Mahindra & Mahindra for its light commercial vehicles. According to C. Jayaram, vice-president (consumer finance), KMFL plans to hit the market with a publicity campaign by mid-August. The other areas KMFL is looking at are portfolio management, mergers and acquisitions and share broking through a subsidiary. Simultaneously, KMFL will widen its geographical reach. Its Madras branch is already being managed as a profit centre, and another was opened recently in Pune. KMFL now plans to open a branch each in Calcutta and Delhi by the year-end.

Going by its own performance, its strategy for the future, and market indications, there is no doubt that KMFL will be a financial company to watch in the next few years.

■ ALPANA KILLAWALA

NICHROME PRESENTS A STATE-OF-THE ART,  INDIGENOUSLY DEVELOPED

AND POWDERS LIKE , , , , , , 

PACKAGING MACHINES,  THAT PACK  LIQUIDS LIKE , .

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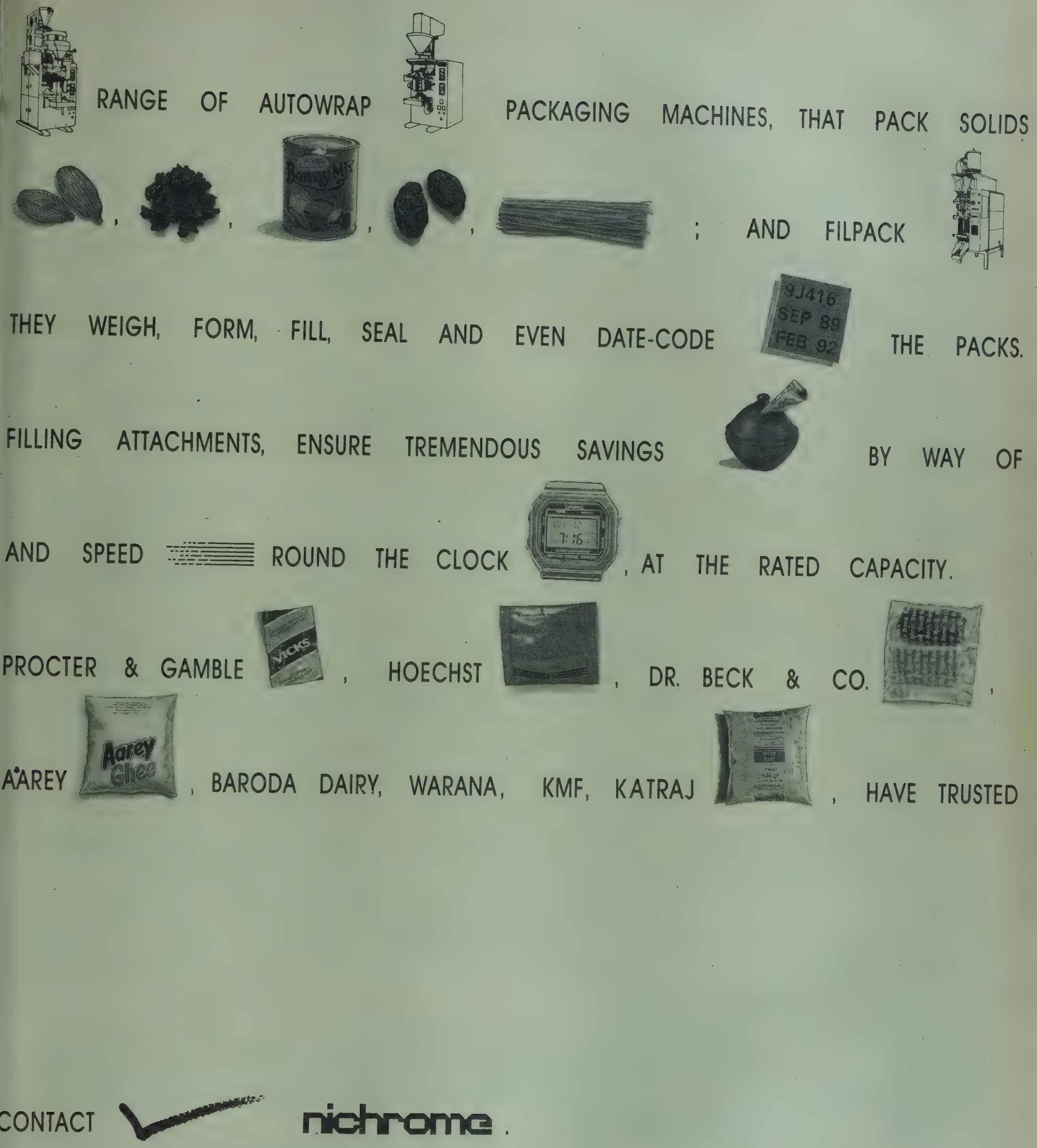

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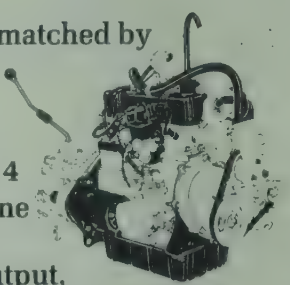

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RETAILING

A new source

Here in India, we still don't have our own version of Computerland, the immensely successful 800-outlet retail chain for computers and computerware in the US. Maybe we will not have it either for many years to come. One does not have to look very far for the reason: the concept of computer retailing has failed to click here. Five years ago, an attempt was made by Computer Point to kick off this much-awaited retailing era. But, the experiment failed and the company had to change hands after incurring losses for two years.

THE SOURCE
THE SOURCE
THE SOURCE

The Source: priorities clearly laid out

Since then, many others like Business Links in Bombay and Abacus in Delhi have tried their hands at floating "one point shops", selling various lines of computers. "However, nobody is buying computers off the shelf. Most buy for their offices and not homes," says Pradeep Kar, formerly with Computer Point and now a director of the Bangalore-based Microland.

Unlike in the US, where the common man could take a PC home and maintain it himself, PCs have still not reached the homes of people. And the lack of individual customers has forced most of the shops to look for other avenues of revenue generation. According to Kailash Sharma, Business Links' CEO, although his company grossed Rs.3 crore in hardware sales, substantial business also comes from corporate training and third party maintenance of machines. So when another retail shop, The Source, opened its doors last month in Bombay, in this already unfavourable scenario, it occasioned much surprise.

Like an exhibition centre

But Satish Kinny, managing director of The Source, holds a different point of view. "A retail outlet is more like an exhibition centre, than a place where people come and buy what they want," he says. Besides, the usual salesmen at the outlet, Kinny also has a sales force which operates in the field. The staff make cold calls on potential clients like their counterparts who sell for the manufacturers. The Source, Kinny claims, did business worth Rs. 75 lakh in the first three months of its operations. Much of it, though, must have been because these months coincided with the financial year closing and people were buying equipment to avail of tax deductions.

There are numerous reasons behind the failure of computer retailing in the country, even though the computer market has grown by an average 35 per cent in the last few years. For one, "the distribution channel has not been properly established", says Sharma of Business Link. To a large extent, this is true.

Distribution channels have been constrained by most manufacturers' unwillingness to bring intermediaries into their operations. This is mainly to avoid having to share the already meagre profit margins in the price sensitive market that they operate in. But, the ultimate losers are the retail shops, since most buyers would prefer to buy directly from the manufacturer.

Maintenance contracts have been another area where retailers have lost out. A maintenance contract provides continued interaction between the customer and the salesman. Retailers have to revert to the manufacturer for the maintenance contract. According to Kinny, "In the short term, manufacturers are supportive of retailers." But once the retail point starts getting larger orders, manufacturers find it to their advantage to handle both sales and maintenance.

This apart, the single most important factor has been non-availability of home computers at competitive prices, feels Kar of Microland. In the US and other markets, home computers were what made the retailing concept click. Home computers like Commodore, BBC and Spectrum are still too expensive for the average Indian household. "Had the home computers been affordable, the concept of retailing would undoubtedly have clicked," says Kar.

Price war

The price factor has assumed even more bleak proportions for retailers, with the price war that has engulfed the computer market. "You can't have fixed prices in this business," says Sharma, conceding that things change from "transaction to transaction". In fact, The Source thought it better not to go in for product differentiation at the beginning. Kinny lets on that he "initially offered all PC/XTs at Rs.32,000, across the board".

The Source now has its priorities clearly laid out; and it has at its disposal the accumulated experience of all the retail points that failed to take off. By this year-end, The Source expects to notch up a turnover of about Rs.10 crore through outlets in eight cities (Business Links too plans to open up branches in Delhi and Bangalore). As Kinny puts it: "What we require is a friendly neighbourhood computer shop, not something very hi-tech which keeps people away." ■

RAHUL SHARMA

LIQUOR BUSINESS

Slaking an immense thirst

XL
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SCOT

Goel: Khoday has new products lined up

"The monk's appeal — lead me not into temptation", says a promotional poster showing a monk with hands joined in prayer. The poster, released by Herbertsons Ltd., one of the UB Group's leading liquor companies, is selling the new brand of rum, Cavalier, recently promoted by the company.

In the burgeoning Indian made foreign liquor (IMFL) market, the major players have a well-defined priority — to sell and sell more. But with the market increasing at an annual compound rate of 15 per cent in the last five years, it is tough going. And since advertising liqour is prohibited, direct marketing and surrogate advertising are the means by which companies promote their brands.

At stake is a share of the almost 30 million cases of IMFL that the country consumes, estimated to be worth more than Rs.2,000 crore. About 35 per cent of this is whisky, 20 per cent brandy, 17 per cent rum and the remaining divided between gin and vodka. The defence forces have proved themselves seasoned guzzlers by accounting for another 26 million cases of IMFL in 1989-90. All the major players — McDowells, Herbertsons, Khodays, Shaw Wallace, Phipsons, Jagatjit and Mohan Meakin — constantly try to grab a major share of this market and rake in millions. And the UB group consisting of McDowells, Phipsons and Herbertsons, controls 32 per cent of the IMFL market, followed by Shaw Wallace with about 30 per cent share.

Active market

The IMFL market is well-segmented. The products are divided variously into premium, popular, regular, medium and cheap categories. The pricing structure too, says Umede Huq, vice-president (liqour) of Shaw Wallace, differs accordingly. Most of the major companies operate in the upper-end market leaving the cheaper categories to the lesser-known and not-so-accomplished competitors.

The whisky market is the most hectic. "Most people prefer whisky, so it sells the most", says Sekhar Mullati, brand manager with Herbertsons. The positioning in the whisky segment is very important for any company because the exposure there is the maximum. So, all the manufacturers have introduced their own brands in each market segment. In the premium segment which is about 700,000 cases yearly, Khoday's Peter Scot commands the largest market share (more than 50 per cent), with Shaw Wallace's Royal Challenge trying to catch up. "Considering that the product is hardly seven years old, the progress has been excellent," says Huq. McDowell No. 1 (65 per cent of the 1.5 million cases sold annually) and Bagpiper Gold, introduced last year, are very strong contenders in the prestige range that consumes 1.5 million cases.

In the regular ranges (7.5 million cases), Bagpiper controls the market selling 1.85 million cases followed by Jagatjit's Aristocrat and McDowells' Diplomat. The medium segment has Haywards from Shaw Wallace, followed by Jagatjit's Bonnie Scot, and accounts for another five million cases.

In the cheaper segments, there are smaller brands which have a high degree of regional presence. Karnataka, which has the most distilleries along with Uttar Pradesh and Maharashtra, offers hundreds of such brands which sell between 5-5.5 million cases a year. These include brands like Good Night, Dentlays, Highland Chief, G.D., Johnson Fine and Black & White Five Star.

Brandy is dandy

While whisky tends to sell better in the western and northern states, preferences change down south and in the north-east. Southerners love their brandy more than any other liquor. "In the south, the feeling is that brandy is good for health," says a UB spokesman explaining higher brandy sales there. "Of the 2.5 million cases of brandy sold each year, McDowells and Honeydew (Herbertsons) accounted for the lion's share — over two million cases," points out Deepak Roy, vice-president marketing and sales of Herbertsons. The two million cases odd rum market is dominated by Mohan Meakin's Old Monk followed by Hercules of Khoday. Gin and vodka sales are less, marking 300,000 cases and 150,000 cases a year respectively. The gin segment leader is Blue Riband with Forbes and Pink Lady coming next.

Over the last three years, the demand for IMFL (apart from defence supplies), has grown from 20 million cases in 1987-88 to 26 million cases last year. However, there were not many new brands introduced, Haywards Fine and Officer's Choice by Shaw Wallace and Bagpiper Gold and Dynasty by Herbertsons being the exceptions. Herbertsons also introduced its Cavalier rum and pitted it against the market leader Old Monk from Mohan Meakin; and successfully launched its white rum, Royal Treasure.

The next few months will see a spate of new brands coming into the market. According to Roy, Herbertsons will be intro-

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INDIA'S HOST TO THE WORLD

ducing another rum, Thunder to be positioned against Hercules; it will also relaunch its Dynasty whisky in a new pack, "because it was not successful at the first go". Similarly, Shaw Wallace is working on various speciality wines and a Campari type of liquor. "We also have plans to introduce a high priced whisky as a substitute for Scotch," says Huq.

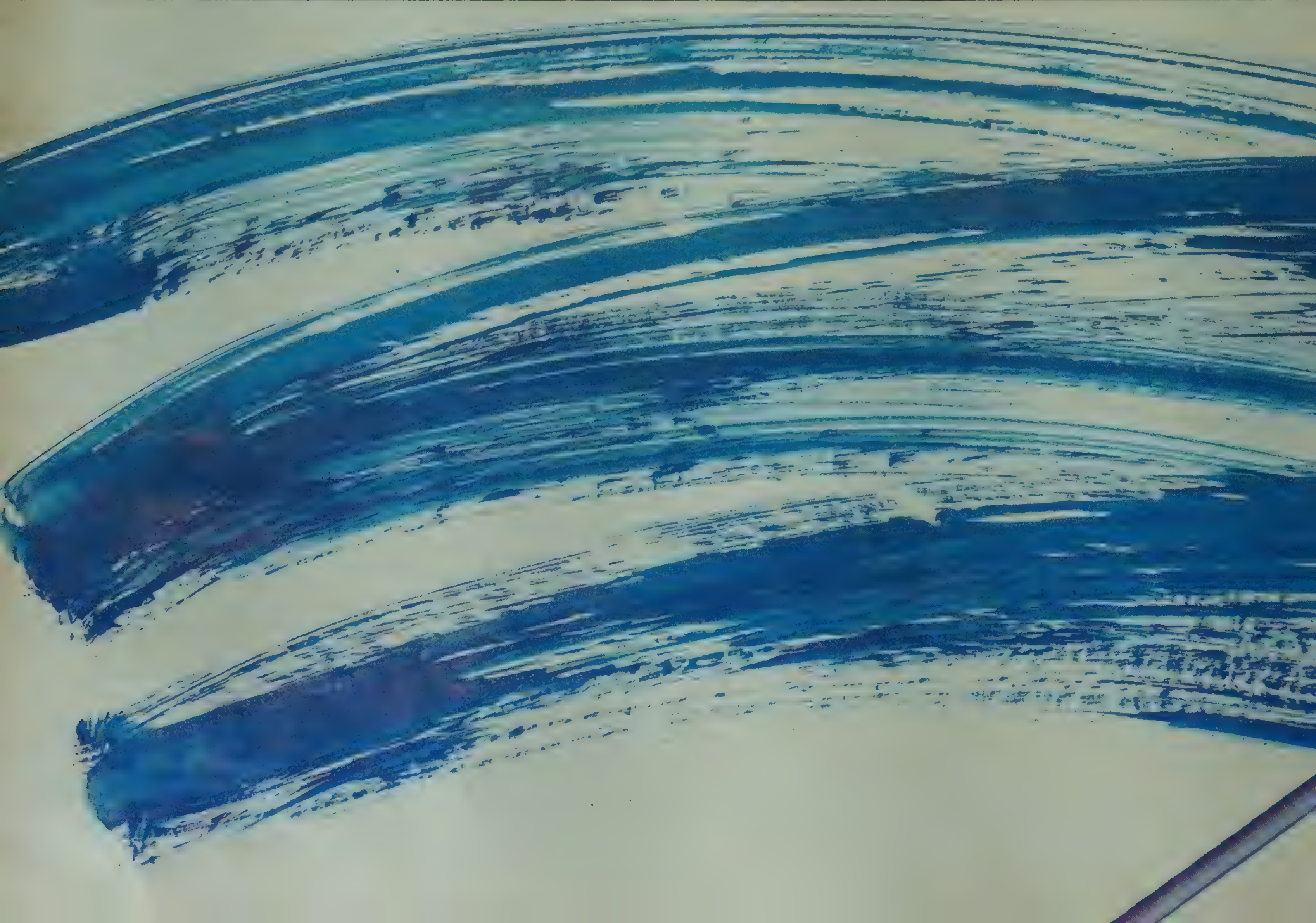
The others are not far behind. Khoday's has a premium gin — XL — and a new white rum — Khoday's Rum — on the cards, according to Sanjay Goel, the company's marketing manager. With the success of Royal Treasure, white rum has caught the manufacturers' fancy. Mohan Meakin is introducing its "Jamaican" white rum shortly. According to Satish Dogra, marketing chief of Meakin, this rum will be targeted at the women consumers who prefer colourless alcoholic beverages. Earlier, Tropicana, a white rum brought out by one of the smaller companies, had bombed. But Royal Treasure, promoted through direct mail, is reported to be doing well, averaging 750 cases a month.

Roy: UB has the lion's share of brandy

Companies coming into the market with new brands face one major handicap — lack of conventional modes of advertising their products. Most use the direct mail/marketing techniques using both below and above the line inputs. Companies send out mailers to prospective customers — usually about their products in the upper-end segments depending on the income group. A manufacturer may declare incentives for the dealers as well as consumers whenever a new product is launched.

Another promotional activity in vogue is surrogate advertising. The success of both Bagpiper and Aristocrat whisky, to a large extent, may be attributed to the fact that they are being advertised. Aristocrat is being sold as "cocktail snacks", while the Bagpiper brand is being endorsed by various film stars. Surprisingly, Bagpiper does not sell in Bombay due to quality problems it faced when it was launched six years ago. Each company, according TO one manager, spends at least 10 per cent of its sales turnover for promoting its brands. In the case of some companies it is as high as 30 per cent.

According to market sources, both McDowells and Shaw Wallace spend substantial amounts of money to provide below the line inputs in the market as incentives to dealers. When Shaw Wallace introduced its Officers Choice whisky, it gave away three cases free on every 10 cases taken by the dealers. Most companies give away one bottle free for each case purchased. McDowells went further and offered a lottery coupon for every 100 cases of McDowell's whisky that a dealer picked up. Later a draw was held and the



winners were given televisions and refrigerators as prizes. Customers usually get tumblers and packs of cards.

How much a manufacturer can eventually sell in the market depends entirely on the procurement and distribution policies which vary from state to state. In Karnataka, for example, manufacturers earlier supplied directly to wholesalers who, in turn, sent the liquor across to the retail outlets. Since August last year, however, the government-run Mysore Sales International Ltd (MSIL) has taken over the distribution of IMFL. In Kerala and Tamil Nadu too, the wholesale trade is in the hands of state-run organisations, while retailing remains in private hands.

Margins shrink

In Tamil Nadu, the new procurement policy has shrunk the profit margins, according to UB and Shaw Wallace spokesmen. The squeeze is being felt because, while the government has reduced wholesale prices, retail prices have not been touched. This has led to an anomaly by which the state government stands to make almost Rs.100 crore. "We on the other hand, find our profit margins coming down to about five rupees per case," says a manufacturer.

The northern states, specially UP, Rajasthan and Haryana, have an entirely different distribution system. Here the rights to sell are auctioned by the government and the wholesalers' cartels control the IMFL trade. This group successfully bid for a number of shops to form a 'syndicate' to bring about a monopoly situation. "We have no alternative but to agree to the demands of these cartels when it comes to pricing the products," says Huq.

The expanding Delhi market consumes 1.9 million cases of various IMFL each year. Here the cheaper brands like Dunhill, Black Horse malt whisky, Passport rum and Mark 1 gin control 50 per cent of the market. Unlike Bombay, where there is a free IMFL market and 300 "permit rooms" in addition to 500 retail outlets, the entire population of Delhi has access to only 114 retail shops. These too are controlled by the Delhi administration. Due to this, counter pushing is common.

In Delhi, until recently, various brands were picked by the retail shops on the basis of the shelf offtake the previous week. "This," says an industry watcher, "allowed the smaller companies to push their brands since they can afford to bribe the counter salesman who pushes their brands actively." However, the new policy which came into effect from May this year has changed the scenario slightly. The Delhi administration will buy IMFL only from manufacturers whose sale outside the Union territory of Delhi exceeds 30,000 cases each year. The licence fee from the manufacturers has also been standardised at Rs.10 lakh per year. For this amount, seven IMFL brands can be positioned in the market. Earlier licence fee was brandwise — Rs. 135,000 for whisky and Rs.50,000 for rum.

The new rationalisation opens the door for a possible brand war — like in the other markets. And for once, the liquor thirsty population of Delhi could be on its way to create a distinct brand loyalty. An increase in the number of brands may intensify the competition in the IMFL market but the established brands, with all the advantages they already have, are expected to hold their own. ■

RAHUL SHARMA
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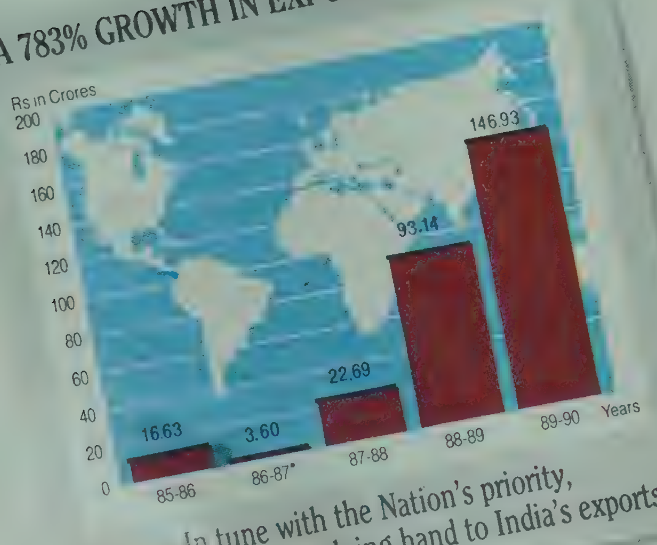

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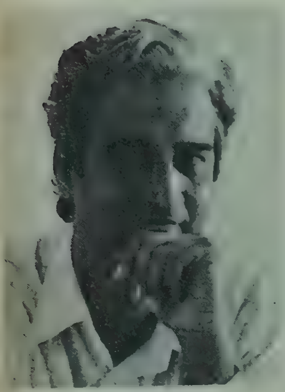

E.A. RAMASWAMY

The author is a freelance commentator and consultant based in Delhi

My son brought home a poster on 'Politics for beginners' which read as follows:
Socialism: You have two cows — give one to your neighbour
Communism: You have two cows — the government takes them both and gives you the milk
Fascism: You have two cows — the government takes both and sells you the milk
Nazism: You have two cows — the government takes both and shoots you
Capitalism: You have two cows — you sell one and buy a bull
Trade unionism: You have two cows — they take them from you, shoot one, milk the other and throw the milk away

This should tell us what the public thinks about trade unions. The impression is that they serve no constructive purpose and have nothing to contribute to the common good. It is a pity that an institution that has done so much to protect the dignity of the individual in his workplace is so sullied. But then, trade unionists themselves are responsible for this. They have used their power indiscriminately, forgetting their basic purpose. The insularity, inflexibility and insensitivity of the leadership has brought a great institution to this sorry pass. This is a process which has been afoot the world over. Mindless trade unionism has already marginalised the labour movement in many parts of the world. Trade union membership is declining and non-unionised plants are growing everywhere.

In our own country, priggish trade unionists have done much to create public revulsion. And now comes the *piece de resistance.* The employees of Indian Airlines have gone on strike, demanding that no other carrier be permitted to fly trunk routes. Their wrath appears to be directed particularly against Vayudoot which is flying some such routes with borrowed aircraft. They are also against privatisation of air transport which the air taxi services appear to signify.

We have, for some time, witnessed managements of public sector enterprises feel insecure because of competition ushered in by liberalised licensing policies. Quite a number of them cannot stand up to competition from any sector, whether private or public. They have so methodically squandered the advantage of a headstart as to feel threatened by fledgling new entrants far smaller in size. The trade unions have now joined the fray. Trade unionists from the public sector opposing privatisation — or such of it as exists — is common enough. They hold a brief for monopolies in seminars and conferences, and sometimes submit memoranda to the government pleading for protection. But I can't recall an agitation launched by a union with the express purpose of protecting a monopoly. The strike by Indian Airlines employees must surely count among the most blatant efforts to defend featherbedding and vested interests.

What rankles especially is that Indian Airlines employees quiver before an abysmal performer like Vayudoot. If, after being in the air transportation business for so long, they feel threatened by Vayudoot, one wonders what right they have to be in the business at all.

It is not difficult to guess why trade unions behave in this manner. They have got results in the past by a show of power, and hope to succeed yet again. Nor should it come as a surprise if they do succeed. But that is a pyrrhic victory which they can ill afford.

Trade unions need to reflect on the consequences of their own actions. Any successful labour movement is bound to wield enormous power. It is also bound to use this power to disrupt the normal flow of goods and services, because that is the last course open to labour when everything else fails. The question therefore is not whether trade unions use their power disruptively, but the ends they seek to achieve through disruption. If the end is to gain a fair deal for their members, they would not find themselves lacking the moral ground to defend disruptive strategies. But if the objective is to gain unfair advantage by imposing enormous costs on everyone else, they would have no face to show.

It is a pity that an institution that has done so much to protect the dignity of the individual in his workplace is so sullied. But then, trade unionists themselves are responsible for this. They have used their power indiscriminately, forgetting their basic purpose

What justifies trade union means is ultimately the end. It requires great maturity to use the unbridled power which many of our unions possess in pursuit of just and fair ends. A brash and crude display of power in pursuit of indefensible objectives is ultimately self-defeating. It will cut the moral ground from under the feet of our unions, and promote a hostile public opinion which will seriously impair their cause.

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New lease of life

After the success of the state government-backed workers' effort to revive Kamani Tubes Ltd last year, another long-inactive industrial unit in Maharashtra will get a new lease of life, thanks to a workers' co-operative. The 1,200-member Khandesh Mills Workers' Industrial Co-operative Society Ltd may soon revive their Jalgaon-based company, shut since 1984. Says S.R. Patil, general secretary of the society, "If we succeed, it will be the first time that a textile mill is run by workers."

The workers' six-year-long struggle finally bore fruit when the state government approved the co-operative's proposal to run the mill. The government will grant a share capital of Rs.5 crore to the society. In addition, it has also agreed to defer sales tax and electricity changes — Rs.1.15 crore per year for four years — from the date the mill resumes operations. The deferred amount will carry simple interest of 6 per cent per annum.

Since 1977 the 116-year-old cotton textile mill had been run by the family of the influential local MLA, Suresh Jain. The Jains' stewardship, however, was marked by constant labour strife and lock-outs. Overmanned at all times, the mills' turnover was a mere Rs.10 crore in 1984, when it was placed under a lock-out, the last of four such.

Large loans

During 1980-82, the management had taken loans worth Rs.5.73 crore from the Industrial Development Bank of India to finance a modernisation project and from the Central Bank of India to meet working capital needs. Following the 1982 recession in the textile industry, the company started incurring losses and these debts could not be serviced.

Soon, the company's bankers started pressurising the management for repayment. Simultaneously, the workers started demanding better working conditions. On 9 August 1984, there was another strike, followed by the lock-out. Nearly 2,500 workers, half of them temporary, were retrenched and jobless.

In the last six years, there have been many demands to nationalise the mill, but to no avail. Frustrated, the workers decided to form a co-operative society affiliated to the Rashtriya Girni Kamgar Sangh and take over the mill in July 1989.

A study by private consultants who examined the feasibility of the mill being run by a workers' co-operative, concluded that the rehabilitation would cost Rs.10 crore. The study, which has been endorsed by the IDBI and the Maharashtra State Textile Corporation, expects the mill to earn profits eight years after reopening. Given the boom in the industry, the consultants feel that the company would do well.

The workers have also agreed to make personal sacrifices to get the mill started. They will take a 15 per cent wage cut and are willing to forgo bonuses for the next five years. Over a period of ten years, this will save Rs.9 crore. The workers also plan to contribute Rs.1 crore towards equity capital. If they fall short, the deficit will be financed by loans from local banks. In addition, workers from other industrial units in this district regularly contribute to the society.

Apart from the workers' efforts and the Kamani Tubes success, two other factors have also played a role in getting the government to finally back the revival plan. First, Suresh Jain and the Maharashtra chief minister, Sharad Pawar, were once close friends but have fallen out politically. Sources close to Jain therefore see the government's action as a move to embarrass him. Second, the current chairman of the co-operative is Madhukrrao Chaudhari, the speaker of the legislative assembly.

Uphill task

Jain is highly sceptical of the mill's profitability under workers' management. "They may be able to restart the company but to sustain it is difficult," he says. The company does owe creditors nearly Rs.23 crore; the mill is presently in the custody of the high court liquidator; and the workers' move to take over the mill has been objected to by some of the larger bankers like Central Bank. Thus, the workers still face an uphill task though the state government's involvement in the revival scheme will help.

Though the co-operative had agreed to repay the debt incurred till the mill was working, the bankers rejected the offer. The society has therefore requested the court to allow it to lease the mill from the liquidator — initially for ten years — and to carry out modernisation. The state government has made a recommendation to the court to consider this plea favourably.

Chaudhari is frustrated by the turn discussions with the bankers have taken. "The very purpose of nationalising banks is defeated if they behave like Shylocks," he says. However, he remains optimistic. "We expect the high court to give us the go-ahead very soon," he says. In fact, the Sick Industrial Companies Act permits the takeover of a sick unit if the management fails to revive it.

As of now, the high court's decision is awaited. And as events turned in favour of the workers, the Central Bank of India asked the liquidator to begin liquidation proceedings. The sticking point is the bankers: if they insist on their pound of flesh, it will come from the workers' hearts. ■

GEORGE ALBERT

Workers of the co-operative: end of a long struggle

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Building quality dykes

URESH LULLA

Human society has depended on quality since the dawn of civilisation. In primitive societies this dependence was on the quality of natural goods and services: food, air, water and temperature. Humans adapted to the natural environment through "human sensing" — a form of incoming inspection — and experience.

Despite these responses, humans in primitive societies lived precariously. Life spans were shortened by malnutrition, disease, natural disasters, etc. To protect themselves against these risks, primitive societies created non-natural aids to their mental and physical capabilities such as: artificial shelter (houses) and processing of natural materials to produce non-natural goods (pottery, textiles, tools, weapons). The subsequent growth of commerce, science and technology greatly expanded the extent and variety of these non-natural goods and services.

As a result people in many modern industrial societies live longer and more varied lives. However, instead of being largely subject to the perils of natural forces, people are now exposed to risks resulting from their own ingenuity. Sometimes these goods and services can fail, resulting in costly and annoying breaks in continuity. Further, they could also contain threats to human safety, health and the environment.

All industrial countries have consciously chosen to live dangerously behind the dykes of quality. National defence and prestige are today precariously balanced on the quality and reliability of complex hardware. The daily safety and health of the common man now depend on the quality of manufactured products: drugs, food, aircrafts, automobiles, elevators, tunnels and bridges.

The ability of our industrial plants to produce goods and services is directly linked to the reliability of the automated process, which in turn is dependent on the quality and reliability of the systems of power, communication, transport and computers.

If the number of power outages are logged in the state of Bihar, it would not come as a surprise if the SEB's generating power for the state ranks among the most inefficient power plants in the world. Such are our quality dykes. To the credit of Tata Steel, the company is one of the finest steel producers in the world despite the logistic handicap of being located in Bihar, a state prone to power breaks. Of course, assured continuity of power would facilitate a better product mix. But the fact still remains that what other major steel producing companies in the world take for granted (regular power supply) is in India a major constraint.

Since the smooth functioning of our daily lives depends on the vital services — power, transport, water, waste removal and communication, among others — their reliability is vital. Breaks in the quality dykes have resulted in frequent inconveniences, costs and injuries to users, as well as in rare but terrifying disasters — Bhopal. The response of industrial societies has been to apply pressure to the producers of goods and services to force them to build and maintain adequate quality dykes. These pressures have taken various forms: product liability, regulatory legislation and so on.

The frightening proportions of the liability problem has resulted in extensive discussion as to what companies should do to minimise their risks. Top management should establish corporate policies for product safety and liability which guide managerial conduct on matters such as mandated design reviews for product safety, identification dating and traceability. Also, management should establish a product safety committee and establish a mandated audit to assure adherence to these policies.

The earliest government regulations on quality emphasised human safety and health. These regulations stressed "after the fact" penalties. In due course this limited form of government regulation was expanded to "before the fact" intervention and to non-safety matters as well.

If international competition were to continue to grow at the pace prevailing in the seventies and eighties the resulting deficiencies will become conspicuous nationally. In that event there would be agitation for some national response to improve competitiveness. An outstanding example of such a response was that made by Japan during the fifties: establishing of export controls on quality; the use of national institutions (principally the Japanese Union of Scientists and Engineers) to organise and conduct training programmes, publishing quality related literature, designating an annual quality month (November) during which there is a recommitment through conferences and related activities; sponsoring awards (the Deming prize for example) which have attained high national significance.

Both the US and Western Europe have taken up Japan's challenge. The US has responded with the Malcolm Baldridge National Quality Award that is given to companies which excel in total quality. The value system gives high scores to customer focus, quality leadership, quantitative results and full use of human resources.

India has also reached a critical stage where a national effort to improve quality is required. We can not afford to miss opportunities on this front.

he author is managing lirector of Qimpro Consultants, an ffiliate of the Juran nstitute, USA, pecialising in nanaging for quality.

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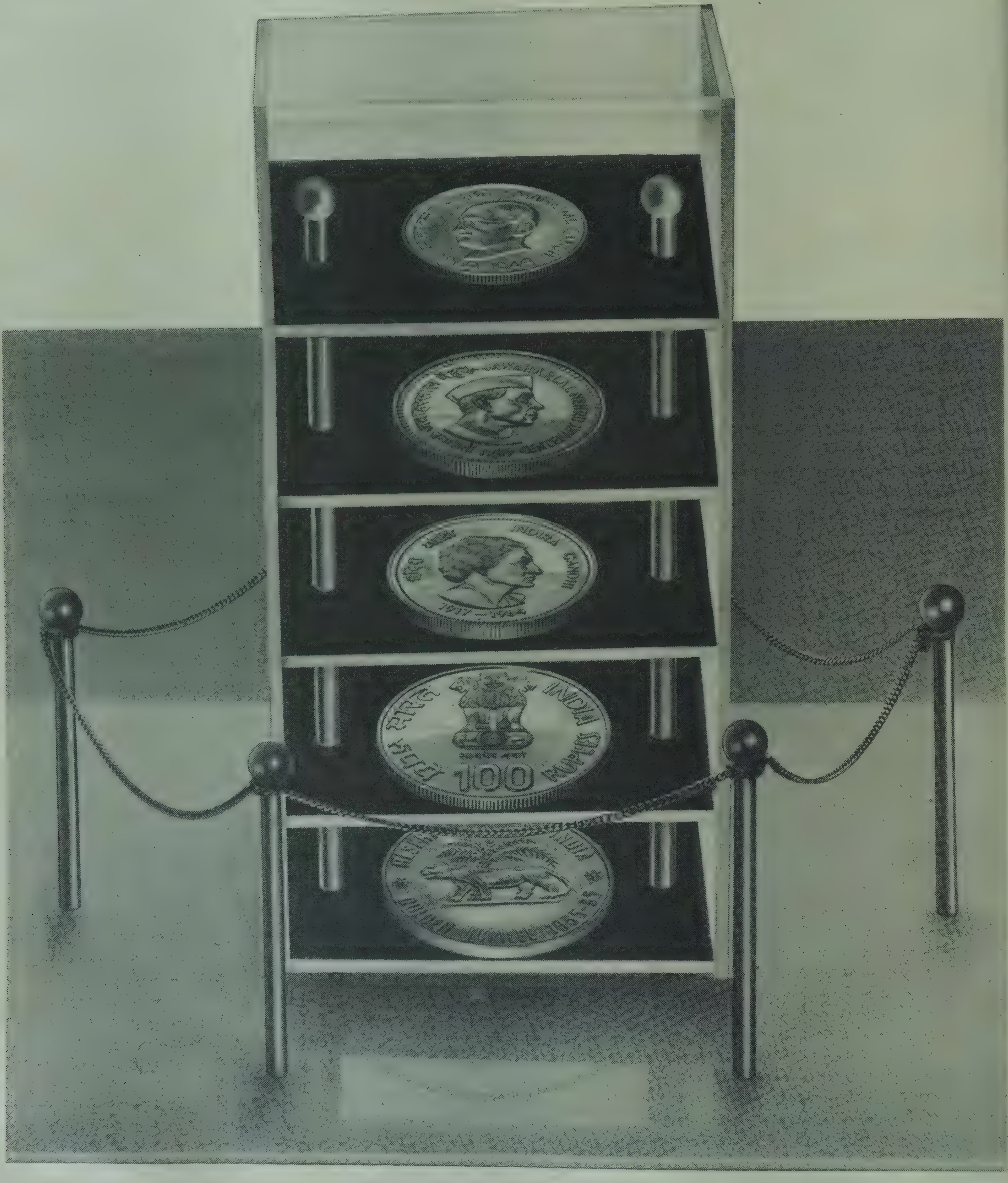
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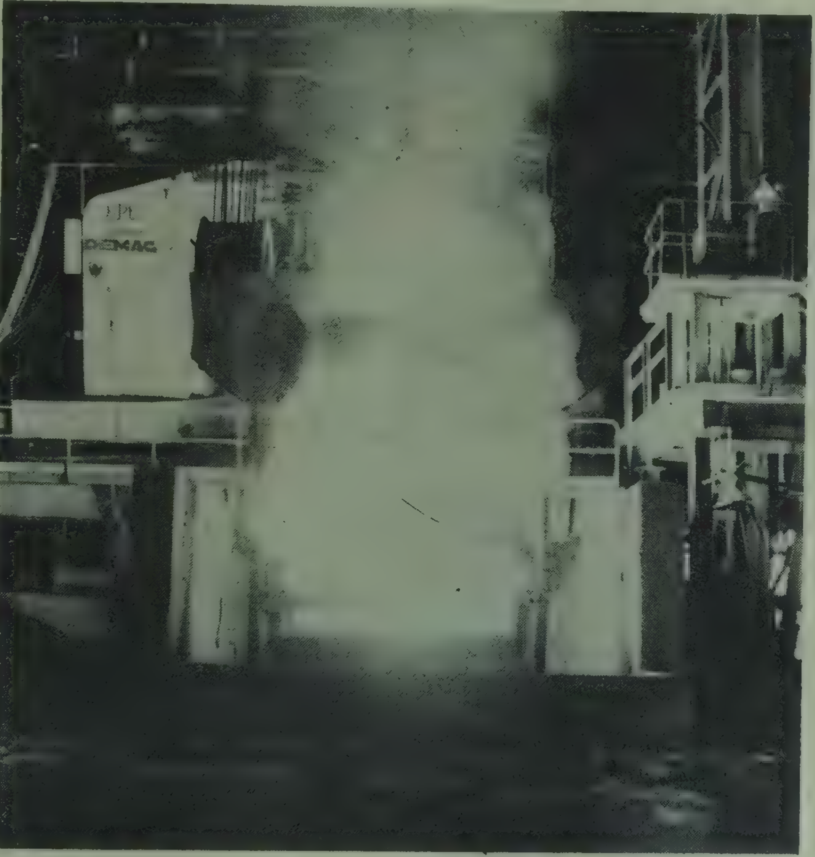
STEEL POLICY

Throwing open a public sector preserve

Faced with a severe resource crunch, the government last month decided to liberalise the steel policy and allowed the private sector to enter steel making in a bigger way. The 1986 modification to the industrial policy resolution had permitted the private sector to produce steel using electric arc furnaces only. Small blast furnaces were allowed only if they used optimum energy.

The new policy allows the private sector to set up steel mills with capacities of up to 1 million tons (mt) per annum. They will also be free to choose between the electric arc furnace (EAF) and blast furnace processes. Integrated steel plants (ISPs) in the private sector with capacities above 1 mt, however, will still not be permitted to use large conventional blast furnaces.

The revision is a major departure from the spirit of the industrial policy resolution of 1956, which had reserved steel making through integrated steel plants for the public sector. But as it turned out, this reservation only hindered the developmnent of the steel industry in India at a time when the country had a comparative advantage in the industry due to large iron ore reserves. Today, steel making is a sunset industry in the US and Japan. Being a relatively low technology area, it could be one where India could compete successively. But whether the government has learnt from its past mistakes is a moot question.


Electric arc furnace: mills can opt for blast furnaces

No automatic clearances

The relaxation of entry norms does not mean automatic clearance for every proposal to set up a private sector steel plant. Each proposal will have to be vetted by a high level inter-ministerial committee. This committee will base its decision on criteria like the kind of technology to be employed, energy consumption, foreign exchange outgo, use of indigenous equipment and product mix.

The new policy initiative comes barely two months after the government announced one set of liberalisations in mid-May. These allowed secondary sector steel producers (which includes 173 private sector units) to set up capacities of up to 250,000 tons per annum (tpa), up from the existing ceiling of 50,000 tons. The move, however, evoked strong reactions primarily because, as analysts concluded, the relaxation in the ceiling was inadequate.

A senior steel ministry official explains the rationale behind the latest move: "There is a shortage of steel in the country which is going to intensify in the coming years. By 1995, the demand-supply gap will be between 3 to 5 mt. This necessitates more investment in steel making capacity to maintain the pace of industrial growth. But the government has no resources. The alternative is to import steel worth Rs.4,500 to 5,000 crore annually over the next few years. But again, this is a hard option. Therefore the decision to allow the private sector to come in and help augment capacity."

The new policy has generally been acclaimed, though many feel that it has not gone far enough and contains inherent restrictions. Viren Shah, chairman of Mukand Steel, says that the latest initiatives are a major step in the steel policy and "some sense has dawned on the policy-makers at long last." Mukesh Gupta, a director of Lloyd Steels, feels that restrictions notwithstanding, this move has effectively opened up the steel industry to the private sector "which had been complaining about capacity restrictions." Now, he says, "the government has put the ball in the private sector's court."

Integration possible

S.P. Pal, an associate director of the National Council For Applied Economic Research (NCAER), and who was on the Eighth Plan working group for iron and steel, says: "The policy is welcome, not least because it allows for forward and backward linkages — something only SAIL and TISCO could do. Now, a roller who was dependent on integrated steel plants for billets can set up his own steel making capacity. Likewise, an EAF unit can integrate forward and set up a rolling mill."

Obviously, such integration will lead to economies of scale. Says Pal, "At 1 mt capacity, secondary sector units will become integrated plants." Ajit Prasad, a senior economist at SAIL, adds: "Now the only difference between the ISPs and the new private sector plants that will come up will be that the latter will probably have a smaller product range."

Some experts do have reservations about the new policy. V. Krishnamurthy, who relinquished chairmanship of SAIL a few months ago, says, "I welcome this policy, but without some corresponding measures like decontrol of steel prices (presently controlled only for the ISPs) and import of steel under OGL, I do not think that investment will enter this area. Moreover, I do not see the sense in pegging a ceiling at 1 mt."

Another steel expert says, "Though the government has liberalised the steel scenario the effort is half-hearted and incomplete. That it is an ad hoc move is proven by the fact that within two months of the measures initiated in May, new measures had to be taken."

Though otherwise approving, Pal has some misgivings: "There are some restrictions which could cause problems, such as those relating to the route that the private sector could take, or another which recommends care to ensure that the new units don't tax power availability. This will restrict the new units to the western and southern regions, or else they will be forced to set up their own captive power generating stations. This will mean an additional investment of Rs.500 to 600 crore."

In the same vein, a senior official of TISCO says: "Restrictions on the route or technology that the private sector can use, or on its location, will hamstring entrepreneurs. The government has repeated its past mistakes by disallowing entrepreneurs to choose their own technology." He adds, "The basic problem in steel is logistics. For every kg of steel produced 4 kgs of material have to be handled. And the existing infrastructure can't meet the industry's needs."

The steel bandwagon

Despite these obvious problems, many private sector entrepreneurs are waiting to get onto the steel bandwagon. Steel ministry sources reveal that in anticipation of the policy, six applications had already been made by certain entrepreneurs, some of whom are believed to be from big industrial houses.

One of the big houses interested in getting into steel is the Singhanias of JK Industries. Hari Shankar Singhania, chairman of the group, admitted as much to *Business India*. The Modis too would like to take advantage of the new policy. U.K. Modi, managing director of Bihar Sponge Iron, who is setting up a 250,000 tpa hot rolled coil plant in Bihar's Singhbhum district, has decided to jack up his capacity to 500,000 tpa. "Lurgi, our collaborators, who were upset with the 250,000 tpa capacity, are now happy," he says.

Industry observers feel that the companies which are likely to take advantage of this policy are Essar, Mukand and the Aditya Birla group. In this context, Shah of Mukand says, "Mukand has already applied for a 1 mt plant." Industry monitors also feel that since large investments would be required to get into this area, only a limited number will be interested. Says Gupta of Llyod Steel, "The capital investment will be to the tune of Rs.2,000 to 3,000 crore and not many private sector players have that kind of money." His own company, which is setting up a 250,000 tpa EAF unit at Wardha, will now aim at 4 mt with the option to increase capacity over the years.

In contrast to Gupta's, and the generally accepted, estimate, the Eighth Plan working group report on iron and steel estimates that a 1 mt gas-based sponge iron EAF plant set up in 1990-91 would cost Rs. 1,580 crore. According to the projections, this will rise to Rs.1,659 crore in 1991-92 and Rs.1,829 crore in 1994-95.

Ratan Jindal, managing director of Jindal Strips, who plans to set up a 3 mt steel mill at Daitiri on the east coast, says, "I think a 2 to 3 mt plant can be set up for Rs.2,500 crore. This provided the plant is not brand new and includes 25 per cent import duty." He adds: "The world over — in the US, Japan, Britain and South Korea — steel mills are being shut down and many modern plants in excellent condition are up for sale. By buying such plants investment can be kept down."

High-gestation, low-return

All said and done, the heavy investment required may not be the only deterrent for new private sector entrants. As Prasad of SAIL says, "Steel is a high-gestation, low-return industry with no easy entry or exit. It also involves messy production processes. This will limit the number of entrants to the field and existing units may be the only ones to take advantage of the policy." A TISCO official agrees that steel manufacture can be extremely difficult and not an area in which inexperienced entrepreneurs can easily succeed.

The question, then, is: what sort of market structure will this policy engender? In the short term, there will be no effect because of the long gestation period setting up a steel plant entails. Given that licences are issued quickly, Viren Shah says it would take four years to establish a plant. But in the longer term, the 3 to 5 mt capacity units are likely to erode SAIL's market. Sources at SAIL concede that the conglomerate's market share may fall from the present 45 to 50 to 30 or 35 per cent. This drop could have been sharper were it not for the fact that SAIL is also augmenting and modernising its capacities.

There are two schools of thought on the demand-supply situation. One view is that the increased supplies from new capacities will eliminate the current shortfall. In fact, there could even be a small surplus. The other view is that the shortage will continue as the country's demand for steel is virtually unlimited and till now has perforce been "supply based". In this scenario therefore, not only will all the additional steel produced be consumed, but there will also be residual demand.

Industry watchers say that if the first view is proven to be correct, exports will become necessary. That, they say, will not be too difficult if the 35 per cent levies on steel are withdrawn for the purpose of getting into the overseas market. The Eighth Plan working group did allude to this by saying that considerable scope for steel exports is "evidenced by the fact that even during serious recessionary periods, triggered by successive oil crises, steel making countries exported about 24 to 25 per cent of their finished steel production". In fact, the group has made projections for exports of 2 mt in 1994-95 and 4 mt subsequently. The projected domestic demand for 1994-95 is 20 mt, and is expected to rise to 27 mt by the turn of the century.

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A steel plant: a necessary policy departure

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FLUORIDATED TOOTHPASTE

Is a ban justified?

Vasant Kotak has his work cut out for him. As president of the Indian Dental Association, he represents over 7,500 dental surgeons who are upset about a new set of restrictions on the sale of fluoridated toothpaste that the government proposes to impose. Kotak now has to inform the government of the association's views and also convince the law-makers that the professionals know what they are talking about.

According to the new rules, no toothpaste can contain more than 1,000 ppm (parts per million) of fluoride and every tube or carton of fluoridated toothpaste must carry a cautionary note specifying that children must not use it. Nobody minds the first condition — leading brands do not contain more than 800 to 1,000 ppm anyway.

But it is the second provision which has raised hackles, both in the dental fraternity and among manufacturers. "It is virtually like a ban on fluoride because most households use only one brand of toothpaste," explains S. Rajagopalan, general manager (consumer products) at Hindustan Ciba-Geigy, which manufactures Cibaca.

Indian dentists are incensed as the government has acted without consulting them or even the relevant technical authority, the Drugs Technical Advisory Board. It only "proposes to consult" the board within six months of making these rules.

How fluoride works
Fluoride, in water or toothpaste, helps teeth resist decay. It seems to work by redepositing calcium and other elements on tooth enamel, repairing and strengthening it. It is among the trace elements needed by the body, but in excess it is toxic. The World Health Organisation (WHO) passed a resolution in 1963 recommending the use of fluoride in toothpaste.

The consensus among surgeons of the Indian Dental Association in 1988 was that optimum fluoride was essential and they endorsed the WHO recommendation, according to which the fluoride level is 0.5 to 1 ppm. But many parts of India have naturally fluoridated water in excess of this level.

Incidences of severe damage to the bones, dental deterioration and renal problems due to fluoride poisoning have been documented more clearly over the last few years. People in high fluorosis belts were absorbing huge amounts of fluoride in their drinking water. About half the fluoride salt that enters the adult body settles on the bones, weakening them. This is particularly common in some states like Rajasthan and Gujarat in the west and Andhra Pradesh and Tamil Nadu in the south, where naturally fluoridated ground water is rich in the mineral. Approximately 20 to 25 million people are said to be at risk of fluoride toxicity.

Kotak: united outcry

Signal
Cibaca
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Prudent

Range of toothpastes: a brush with controversy

But toxicity occurs if the fluoride level in water is above 4 ppm — far higher than WHO's limit. And the only reason dentists have supported fluoridated toothpaste is because that is the easiest and cheapest way to apply fluoride where it is most needed — the teeth.

Some countries started fluoridating water. In the USA, for example, despite the public debate over fluoride the 'legal standard' was raised in 1980 from 2 to 4 ppm in water. But the tide had already begun to turn. West Germany discontinued the use of fluoridated water; Greece, France and Denmark are opposed to it, Kenya banned it in 1982; in Japan there is no fluoridation and Sweden prevents children under four years using it.

The anti-fluoride argument
The anti-fluoride lobby — led by A.K. Susheela of the All India Institute of Medical Sciences in Delhi and G. Ghosh, a joint secretary in the ministry of agriculture and director, Technology Mission on Rural Drinking Water — have a powerful argument. They posit that children often swallow toothpaste while brushing, retain more fluoride than adults and are therefore much more susceptible to fluoride poisoning.

According to a study carried out by Bombay's SNDT Women's University this March, kids brushing twice daily with a full ribbon of paste are exposed to 1.5 to 2.5 milligrams of fluoride. The corresponding exposure for an adult is 0.75 mg. SNDT's study, however, concluded that this is no justification for a ban on fluoride. Ghosh and Susheela's evidence is to the contrary. Nevertheless, S.A. Udipi and G. Subbulakshmi, who directed the SNDT investigation, have cautioned that kids must be constantly supervised as they brush and reminded not to swallow their toothpaste.

Because toothpaste is the most visible source of fluoride, it is blamed for many of the consequences of excessive fluoride. Toothpaste manufacturers are frequently accused of lobbying to popularise fluoride paste by fair means or foul. This is somewhat illogical because the companies' stakes are not very large. The market leader with a massive 53 per cent share is Colgate dental cream, which contains no fluoride. Fluoridated brands move rather slowly in the market. Hence it would be more sensible for the government to continue its efforts to provide uncontaminated water in India's high fluorosis belts.

As excess fluoride can be removed from water by a simple process that can be used at a domestic and community level, the decision to ban fluoride must be reassessed. Bans in isolation smack of a myopic approach. ■

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MILTON PLASTICS

An impressive resilience

This tightly-knit family concern has emerged as a leading player in just two decades

The plush offices in Bombay and the suave men managing the show belie the humble beginnings of the company. Arcund 19 years ago, when two brothers, Bansilal and Dinesh Vaghani invested Rs.25 lakh in a company called Bharat Plastic Works, little did they realise then that they would soon be owners of that company. Hailing from a prosperous family, involved in trading of stainless steel utensils and other commodities, they had found it easy to arrange that kind of money and when the original owners faced serious financial problems, the Vaghanis took over Bharat Plastics and renamed it as Milton.

Equipped with very little knowledge of plastics and with practically no experience in handling an enterprise, the brothers were at a loose end. "We started by taking up all kinds of labour jobs to know what plastic is all about," recalls Chiranjiv Vaghani, one of the seven Vaghani brothers and the managing partner of the company. Today the Rs.75 crore turnover Milton Plastics can truly call itself one of the leaders in the field of plastics and thermoware.

Consistent growth

Milton Plastics is a partnership firm, wholly owned and managed by the Vaghani brothers and three members from the second generation. Each brother handles a particular responsibility. While Bansilal Vaghani looks after the overall management of the firm, Dinesh Vaghani handles production and development of new products. Other important functions like marketing, finance, personnel and exports are taken care of by the other Vaghanis.

The company has had a consistent growth rate of nearly 50 per cent per annum for the last five years with a product range comprising more than 250 items, ranging from household articles like buckets and water bottles to insulated water jugs, tiffin boxes, serviettes and vacuum flasks. It employs a total of over 3,000 people at the eight different manufacturing units (three in Bombay and five at Halol in Gujarat). The emphasis on growth by the Vaghanis has steered them into various associated disciplines like trading, indenting of raw materials and supplying PVC and other materials to companies like Garware Plastics and Finolex Pipes.

The Milton success story, however, has not been easy all the way. The Vaghanis' early days were characterised by seemingly unsurmountable hurdles. When they began way back in 1971, aluminium and steel were preferred to plastic as a storage material, especially for food products. Further, the Vaghanis' relative lack of technical expertise in the field did create problems. This was, however, resolved with characteristic determination, and the period between 1971 and 1974 saw the brothers go through a process of learning, by way of labour jobs for other companies. "We have grown consistently despite hard times, by doing odd jobs like making PVC chappals and clear crystal jars, products which we wouldn't touch today," reminisces Chiranjiv Vaghani.

aghani brothers: seeking a unique identity

Assembly line: stress on quality

In end 1974, they entered the field of manufacturing household articles like lunch boxes, water bottles and later, buckets and basins. They persevered in this business in the face of stiff competition from the then popular brands like Brite and National. They even faced market manoeuvres such as competitors putting pressure on dealers not to stock Milton products under the threat of losing business from them. The company faced very tough times and the promoters even thought of closing down the unit. But they managed to hold on.

Turning point

In doing so, they soon came to the turning point in the company's fortunes. In the beginning of 1977, the entrepreneurs noticed people coming from Pakistan with insulated water jugs. This inspired them to think on the lines of thermoware containers.

The insulation material packed between the walls of such containers help keep the food warm or cold, as the case may be. Milton Plastics first came out with insulated water jugs using thermocole as the insulating material. Then, in 1980, the Milton executives visited an exhibition at Birmingham and saw polyurethane used for the first time as an insulator far more effectively — it keeps the food hot or cold for 15 hours at a stretch.

"When we started using polyurethane, thermoware was an entirely new concept. Who would have thought of buying an insulated water bottle worth Rs.80 when ordinary ones were available for Rs.5?" says Dinesh Vaghani. But Milton had full faith in thermoware as the material for the future. And that confidence has paid off. In

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ULKA-13144

the last couple of years, the thermoware industry has gathered enough momentum to claim a stupendous growth rate of more than 150 per cent. The market for this product has already crossed the Rs.100 crore mark.

Today, Milton Plastics enjoys a market share of 60 per cent in thermoware. While most of the plastic products manufacturing companies go into making thermowares as a logical diversification, for the Vaghanis, concentrating on this area was a conscious decision. "It was Milton Plastics which took the lead in creating an awareness for thermowares so that it could easily push aside Eagle Flasks which was busy concentrating on its ace product line, i.e., vacuum flasks," says a marketing officer of another company making thermoware.

In just 19 years, Milton Plastics has paved its way to a comfortable position and has established an unique identity for itself in a field that requires innovation, foresight, an excellent marketing network, a skilled workforce and a whole lot of confidence. Its rise is all the more creditable because many of its competitors like Eagle, Supreme Plastics and Brite have been around for a much longer time. Acknowledges an official at Eagle Flasks, "Today Milton is our major competitor as far as thermoware is concerned."

Stress on quality

Initially, when they got going, a small plant at Kandivli on the outskirts of Bombay was enough to meet the existing demand. However, with gradual growth in sales, they needed to expand. So they got two more units in Bombay and subsequently five more at Halol. The eight plants together produce 500 tonnes of the various items per month. Since inception, the Vaghani brothers have made a conscious attempt to provide high quality products, as low quality plastic used in manufacturing leaves a very unpleasant plastic smell. "Our price might be a little high but since day one we have stressed on quality, used the best raw material available and taken care that not only is the outer mould attractive but the inner walls are made of good grade approved material which is odourless and hygenic," says Chiranjiv Vaghani. It is for this reason that the main raw material used by Milton is high and low density polypropelene, 60 to 70 per cent of which has to be imported, partly because local availability is a problem and quality is never consistent.

Much of Milton's success can be attributed to their aggressive marketing strategies. One of the competitors concedes, "The Milton range of products splashed the market with unusually high-profiled advertisements". Madhub Vaghani who looks after marketing says, "A very strong, nation-wide distribution network employing more than 120 people in the marketing department and a high degree of professionalism in our operations has been our forte." The marketing division also has an inhouse market research team which conducts periodical surveys to analyse the market potential as well as trends in consumer preferences like colour, design and shape. The R and D department works in close co-ordination with the market research team to design new products to satisfy the changing demand patterns. Milton introduces about 30 to 40 new items per year.

Unscrupulous competition

The process, however, is not free from complications as one of the major problems in this profitable trade is the rapid proliferation of small competitors, who engage in copying the product designs of the market leaders and then selling at a substantially lower price — almost 20 per cent cheaper. There are also some unscrupulous operators who supply to bulk consumers without bills, thereby cutting down on their tax liabilities. "As soon as we introduce a new product within months, the market is flooded with cheaper and lower quality imitations. It is almost like providing research and development for smaller set-ups," complains Chiranjiv Vaghani. A keen industry observer anticipates a price war in the days ahead as a result of prevailing market practices and the general lowering of quality standards. Harinder Singh, marketing consultant for Milton however feels that the company has nothing to fear as the market is large enough to accommodate the competition and resilient enough to withstand minor vagaries. "People go by and large for our quality and range. A housewife may buy Milton for her home and another cheaper product for giving away as gifts."

Not satisfied by capturing a major share of the domestic market, the company is looking overseas in an attempt to broadbase its marketing structure. What started as an exercise to find out the kind of quality acceptance their products got internationally today accounts for roughly 10 per cent of the total sales. It all started about a year back when the company got a trial order of Rs.25 lakh from USSR. The subsequent approval and appreciation from the buyers resulted in another order of Rs.1.25 crore. Today Milton exports goods worth Rs.3 crore, mainly to Europe, Canada as well as the Far East. 'This has been possible due to our emphasis on market analysis and well co-ordinated production and supply facilities," says Ajay Vaghani who looks after exports.

In an industry which is expected to grow to more than Rs.500 crore in another three years, the Vaghani brothers are confident of doing well and maintaining their 50 per cent compounded rate of growth even with the competition getting fiercer all the while. Not only that, new projects are being considered for diversification. Two new products, 'Tough Jugs' and 'Stainless Steel Flasks' are already in the pipeline and plans have been drawn out for setting up their own packaging unit in Gujarat. Thus, Milton Plastics is arduously continuing its upward climb.

■

SHAMPA KAR

A Milton plant: efficient and modern

ICFAI's New Course

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ICFAI	The Institute of Chartered Financial Analysts of India has over 13,000 candidates on its rolls for the CFA Programme, which is being offered in collaboration with The Institute of Chartered Financial Analysts, USA. Encouraged by this phenomenal success, the Institute launched a new course: The DBF Programme meant for non-financial executives.
The DBF Programme	The DBF Programme (Diploma in Basic Finance) is designed to help Business Executives get a good insight into Finance through structured self-study at home. The Programme covers the essentials of finance through a mix of four core and two elective modules.
Programme Coverage	**Core Modules** ● Financial Statement Analysis ● Management Accounting & Control ● Working Capital Management ● Project Finance & Appraisal **Elective Modules (any two)** ● Marketing Finance ● Production Finance ● Project Management ● Financial Services ● Personal Finance & Investments ● Management Control & Reporting System ● Financial Management in Public Enterprises
Study Material	The study material includes a detailed study plan, easy-to-follow lessons, reference books, self evaluation assignments and exercises. The study material has been carefully developed with the assistance of well-known academicians and professionals for use by non-financial executives.
Duration	Individual candidates can set their own pace of study. Each module can be typically completed in 3-4 weeks. The course can be completed in 6-8 months.
Eligibility	Executives, students, self-employed persons, entrepreneurs, bank and insurance executives, government officers, defence personnel, teachers and others without a formal professional/academic qualification in finance. **The Institute welcomes sponsorship of candidates from employers.**
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Prospectus	For Prospectus and Application form, please write to the Administrative Officer (DBF), giving your complete postal address with pincode, enclosing a demand draft for Rs. 50, drawn in favour of the DBF Programme A/c, ICFAI, payable at Hyderabad.

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MAHARASHTRA

Simmering dissent

The commencement of the session of the state legislature has always been a time of tension for the ruling Congress(I) in Maharashtra. Among other things, it has faced every time, for over a decade, agitations for the establishment of statutory development boards for setting right the imbalance faced by the three backward regions of the state — Vidarbha, Marathwada and the Konkan. Both the Centre and the state chief minister have only displayed a lukewarm response each time while disproportionate development resultant from unequitable dispersal of funds has continued, culminating in a movement that in some parts is snowballing into an outright demand for a separate state.

In 1987, chief minister, S.B. Chavan, rejected similar demands outright after the then Maharashtra governor, Kona Prabhakar Rao had sought confidential legal opinion on the subject. The reason given was that the existence of such boards, directly appointed by the president, under the governor, could undermine the powers of local elected representatives.

Inherently anti democratic

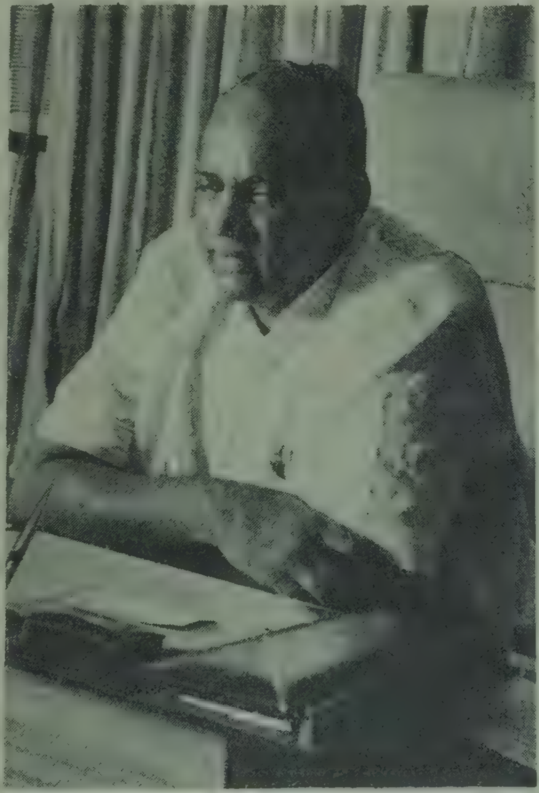
Legally, the only way such boards can come into existence, is through an amendment of Article 371 (1) of the Indian constitution that specifically provides for the formation of separate development boards for Vidarbha and Marathwada. Though Konkan was not originally included, legal experts opined that an amendment could take care of that.

The legal opinion made available to Kona Prabhakar Rao in a confidential document, stated that though provided for in the Indian constitution, the provision of such statutory development boards is, inherently, anti democratic. The object of the Article, as amended up to 1973, is to enable the president to lay "special responsibility" on the governor of Maharashtra for the development of certain areas. These boards that would have to be an extra-constitutional authority under the governor, were conceived to ensure an equitable allocation of funds to these areas and required that detailed reports on their working be placed before the state legislative assembly.

Way back in 1984, both houses of the Maharashtra legislature had passed unanimous resolutions supporting the demand for separate development boards for Vidarbha and Marathwada and urged Parliament to enact the required amendment. After a period of five years, during which nothing transpired, both houses passed yet another resolution including also the backward area of Konkan.

Proposal forwarded

It was only when recent protests gained further momentum that Sharad Pawar, the present chief minister, announced that ruling party legislators alone would be appointed on the boards under the chief minister, and, these boards would function as a cabinet. This proposal has been forwarded, in accordance with the chief minister's public statement, to the Union government for perusal by the Maharashtra governor, C. Subramaniam.


Pawar: facing the music

The Konkan Rajya Sangharsh Samiti headed by former chief minister A.R. Antulay, among others, has also been suggesting separate state of Konkan, which includes Bombay. In Vidarbha too, plans are afoot to intensify the campaign so that the issue can be raised in the winter session of the state legislature to be held in Nagpur this December.

Apathetic attitude

On the issue of unbalanced development of Vidarbha, Marathwada and the Konkan, the Dandekar Committee published a report in 1984. While conceding a total backlog amounting to Rs.1,328 crore for all three regions, the committee concluded that, it was "the apathy of the state government agencies to strictly and scrupulously carry out the programme of dispersal and of restricting new industrial activity and expansion to the Greater Bombay, Thane and Pune belts" that has perpetuated the imbalance.

The figure computed by the Dandekar Committee is, however, seriously disputed by the Vidarbha Vikas Mahasabha, headed by Tirpude. This organisation has arrived at an astounding figure of Rs.10,000 crore as the backlog up to 1985 (approximately valued at Rs.11,000 crore today). It has pointed out that the Dandekar Committee has failed to take into consideration three major sectors of development while computing the backlog — industry, co-operatives and financial assistance. In the co-operatives sector alone, the backlog till 1985 was Rs.4,000 crore.

Though Maharashtra is better endowed than its neighbour Gujarat with natural resources, a 1987 CMIE study shows that developmental activity is better spaced in Gujarat. About six of Gujarat's 19 districts have a higher overall average than the rest of the country with only seven below the national average. In contrast, Maharashtra has just four of its 26 districts above the state average and as many as 21 below the all-India average.

Interesting facts have also been deduced by the census commissioner of the Central government for 1986 — of the 35,565 villages in Maharashtra only four per cent possess educational and medical facilities as well as drinking water, pucca roads, electricity and post and telegraph amenities!

The list seems endless. The Pawar government, given to emphasising development and growth in and around Bombay, right now appears intent on assuaging feelings, by announcing a solution. Will the long-deprived people of Vidarbha, Konkan and Marathwada be satisfied?

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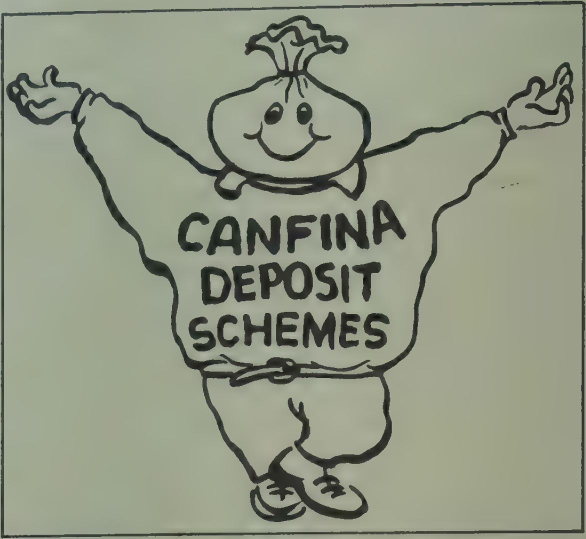

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9. Application forms along with the necessary remittance should be sent to any of the branches at the following addresses or the Registered Office of the, Company:-

   BOMBAY: Rajabahadur Mansion, 32, B.S. Marg Bombay - 400 023. Tel: 275990, 275824,275743, 276695 * **DELHI:** 1-E, Vandhana Building, 11 Tolstoy Marg, New Delhi -110 001 Tel: 3312035, 3312098, 3312937 * **HYDERABAD:** P.B.188, F.D. Khan Building, Abid Road Hyderabad - 500 001. Tel : 231149, 240998 * **CALCUTTA:** 2/1, Russel Street, Calcutta - 700 071. Tel: 293197, 293033 * **BANGALORE:** World Trade Centre, FKCCI Building Kempe Gowda Road, Bangalore - 560 009. Tel: 268237, 266177, 263754 * **AHMEDABAD:** Narayan Chambers, Ashram Road, Ahmedabad - 380 009. Tel: 78837, 77592 * **MADRAS:** Spencers Annexe, 770-A, Anna Salai, Madras - 600 002. Tel: 8254129, 8254132
10. The following branches of Canara Bank are also authorised to accept our deposit applications:

    Agra - Belanganj; **Ahmedabad** - Bhadra; **Allahabad** - Civil Lines; **Bangalore** - Share Processing Cell, Unity Building; **Baroda** - Raopura; **Belgaum** - Khade Bazar; **Bombay** - Chembur (Main), Matunga(W), Malad, Andheri(W), Thane(E), Kopri Colony; **Calcutta** - N.S. Road; **Chandigarh** - Sector 17 C; **Coimbatore** - Oppanakara Street; **Delhi** - Parliament Street; **Ernakulam** - Broadway; **Hubli** - Traffic Island; **Hyderabad** - Abid Road; **Indore** - M.G.Road; **Jaipur** - M.I. Road; **Ludhiana** - Court Road; **Madurai** - Grand Central; **Madras** - Thousand Lights; **Mangalore** - Hampankatta; **Mysore** - New Statue Square; **Nagpur** - Itwari; **Goa** - Panaji; **Poona** - Camp; **Salem** - Fort; **Tiruchirapalli - Teppakulam; Trivandurm** - Puttenchanthai; **Vijayawada** - Venkateswarapuram.
11. Only cheques/drafts drawn in favour of the Company and payable at the places where the designated branches are situated will be accepted. Outstation cheques/drafts will not be accepted.
12. Permission from the Reserve Bank of India has been obtained for accepting deposits from non-residents of Indian nationality/origin on non-repatriation basis.

Particulars as required under Non-Banking Financial Companies and Miscellaneous Non-Banking Companies (Advertisement) Rules, 1977.

A. The name of the Company : CANBANK FINANCIAL SERVICES LTD.
B. The date of incorporation of the Company : 1st June, 1987
C. The business carried on by the Company and its subsidiaries with details of branches and units, if any. : The Company was incorporated with the main objects of undertaking Equipment Leasing and Merchant Banking business. The Company has branches at the following places: 1. Ahmedabad 2. Bangalore 3. Bombay 4. Calcutta 5. Delhi 6. Hyderabad 7. Madras.
D. Brief particulars of the Management of the Company : The Company is managed by Shri. A.P. Rao, Managing Director under the supervision and control of the Board of Directors.

earning member

E. Names, addresses and occupations of the Directors.

	Name	Address	Occupation
1.	**Shri N.D.Prabhu**	No.74, Krishna Rao Park Road, Basavangudi, Bangalore-560 004	Chairman & Managing Director – Canara Bank
2.	**Shri K. Lakshminarayanan**	115, 15th Cross, 11th Main, I Block, II Stage, West of Chord Road, Bangalore-560 010.	Executive Director Canara Bank
3.	**Shri Bansi S. Mehta**	Maheswari Mansion, 5th Floor, Block No.37, 34 L. Jagmohan Das Marg, Bombay - 400 036.	Chartered Accountant
4.	**Shri Sudhir Jalan**	9, Alipore Road, Calcutta-700 024	Chairman & Managing Director, Bells Control Ltd.
5.	**Shri A.P. Rao**	221, Venus Apartments, Cuffe parade, Opp World Trade Centre, Colaba, Bombay -400 005	Managing Director Canbank Financial Services Ltd.

F. Profits of the Company before and after making provisions for tax for the three financial years immediately preceding the date of advertisement.

As on 31.3.90		As on 31.3.89		As on 31.3.88	
Profit		Profit		Profit	
Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
273333725	225833725	152004973	127004973	38512271	32012271

G.	Dividend declared by the Company in respect of the said years.	31.03.90	31.03.89	31.03.88
		20%	18%	14%

H. Summarised financial position of the Company as in the two audited balance sheets immediately preceding the date of advertisement.

LIABILITIES	31.3.90 (Rs.)	31.3.89 (Rs.)	**ASSETS**	31.3.90 (Rs.)	31.3.89 (Rs.)
Share Capital	20,00,00,000	10,00,00,000	Fixed Assets	92,33,72,520	56,53,48,612
Reserves & Surplus	36,99,43,559	12,89,48,477	Investments	57,27,36,677	5,89,13,883
Secured Loans	–	–	Current Assets	41,83,73,530	15,55,08,471
Unsecured Loans	1,37,47,75,000	75,57,98,000	Loans & Advances	26,48,72,095	42,80,69,672
Current Liabilities & Provisions	23,52,51,777	22,37,29,476	Miscellaneous Expenditure	6,15,514	6,35,315
			Profit & Loss Account	–	–
	2,17,99,70,336	1,20,84,75,953		2,17,99,70,336	1,20,84,75,953

Contingent Liabilities

		89-90 (Rs.in Lacs)	88-89 (Rs.in Lacs)
(i)	Lease contracts remaining to be executed(undisbursed leases) for which agreements have been signed / to be signed.	7180.43	3257.85
(ii)	Estimated amount of contracts remaining tobe executed on capital account (assets other than given on lease) not provided for	Nil	9.57
(iii)	Outstanding underwriting /standby commitments on capital issues.	924.00	396.80
(iv)	Undisbursed commitments in respect ofequity support to companies.	69.10	34.00
(v)	Safety net/buy-back commitments in respect of capital issues in force.	4296.38	2500.00
(vi)	Outstanding letters of credit	79.96	311.69
(vii)	Claims against the Company not acknowledged as debts.	57.05	51.53

(viii) Sales tax on lease transactions imposed by certain state governments which under the lease agreements is recoverable from the constitutents. : Amount not ascertainable as the levy has been stayed by the High Courts of some of the states and the matter is pending in other states.

I) (i) The amount the Company can raise by way of deposits under the directions : Rs.200 crores (Total borrowing powers)

(ii) The aggregate of deposits actually held on the last day of the immediately preceding financial year. : Rs.137,47,75,000 as on 31.3.90

(J) The Company has no overdue deposits other than unclaimed deposits.

(K) (i) The Company has complied with the applicable provisions of the directions.

(ii) The compliance with the directions does not imply that repayment of deposits is guaranteed by the Reserve Bank of India.

(iii) The deposits accepted by the Company are unsecured and rank pari passu with other unsecured liabilities

This advertisement is issued under authority and in the name of the Board of Directors of the Company and the text of it which was approved by them on 29th June 1990 and a copy of the same duly signed by the majority of the Directors has been filed with the Reserve Bank of India, Bangalore.

By Orders of the Board
For **Canbank Financial Services Ltd.**
Sd/-
R. LAKSHMINARAYANAN
Company Secretary

Sobhagya/CFSL/90409

GLOBAL STRATEGIES

Seeking viability

The purpose of any economic activity is essentially to generate an income for the earner on a sustained basis. Projected on to the national and international arena, companies and nations wish to carve out for themselves a niche in the economy they operate in. It is essential for any "economic unit", whether it is an individual company or a nation, to continually develop new advantages, strengths and positionings for its products.

We are now in the nineties, the launch pad for the 21st century, and a glance at the world's balance sheet gives cause for optimism. While at the beginning of the eighties double digit inflation was common, Reagonomics was unproven, Afghanistan was the centre of global geopolitics, oil was $40 per barrel and multinational companies were overstaffed and overdiversified, the beginning of the nineties appears far healthier.

Today, at the beginning of the nineties, perestroika is succeeding, the Eastern Bloc is changing over to capitalism, Helmut Kohl is the new superman of 'Unified Germany' and the corporate world is talking of leaner structures, specialisation and global strategic alliances.

Greater trading centres

The world's eight economic zones; North America, the Soviet Union, Japan, Western Europe, Latin America, South-East Asia, the Middle East and South Asia and Australia are trading on a more even platform, with greater trading centres emerging in an increasingly complex and interdependent world.

"Globalisation" has become a buzzword the world over. What are Indian companies doing about the opening up of various markets? Do they have an action plan and are they getting the necessary support from the government?

This article seeks to examine some of the global strategies that could be considered by Indian business houses. The underlying assumption of all efforts a globalisation is that the Indian compan will offer the finest quality available in India at the best possible price, conform to international specifications and ensure consistent supplies once orders start. Here we discuss briefly the six 'Ps of globalisation.

Partnerships. International trade i growing exponentially and more groups of business houses are forming alliance to exploit business opportunities in different countries. Such alliances are generally made between companies equal in size in turnover, profits or market presence and those that have related products where each partner is likely to gain Examples of such alignments can be seen in the automobile sector as well as in electronics, computers, research and development, international trading, etc.

Most Indian companies tend to sh away from such tie-ups since it means operations on a foreign turf with a strong partner. They tend to ignore the fact tha a strong partner means someone who ca

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manage the environment and offset start-up costs which can be time-consuming and prohibitive, especially when India has a deficit foreign exchange balance. Companies in India would also be able to gain access to valuable information networks, both for products as well as competition, through such alliances.

Time factor reduced

Being global means building alliances and networks based on mutual trust and respect. In this way, most alliances reduce the time factor to accomplish anything significant, large or small.

Production bases. In order to establish a presence in the global marketplace, Indian companies must be in a position to set up manufacturing bases abroad. The first steps of any organisation would be to develop a trading base overseas in order to gain experience and build up a base of reserves from which to grow. In addition, Indian companies must move overseas aggressively with products manufactured in different countries. This would also have the added advantage of making Indian products more competitive since the products would have to conform to standards in different countries, and the "Made in" label would also find greater acceptability in local markets. The credibility of Indian products in most markets suffers due to a generalised "banding" that is done for all Indian products. Manufacturing bases could provide the much needed window on India for overseas buyers who would also gain some knowledge of Indian companies' management practices.

Positioning. Compared with the highly integrated and mature markets of the US, the European Community (EC), Japan and Australia, Asian markets offer far more corporate opportunities to Indian companies, in terms of real growth via primary demand. While undoubtedly the American, Japanese and European markets are where the "gold rush" is always on, Indian companies must establish their presence first in the less developed countries, graduating to the newly industrialised economies and then to the developed countries. The newly opened economies of Vietnam, Burma and the Eastern Bloc offer vast markets to sell to and large supply bases to buy from. Indian companies could examine these markets and position their people accordingly. Africa is also a continent where Indian goods and services will be received well. The underlying assumption in all these is the factor of a "high risk high yield" equation.

Risk-return factor

To achieve a breakthrough in the mature markets is difficult because of low margins and greater resistance to acceptance of products, but payment for goods is guaranteed. To get a place in the developing markets and undeveloped markets is easier, with higher margins and easier acceptability of Indian products, but the risk of receiving the money involved is greater. Indian companies need to develop their own "risk-return" equations in these markets before making an entry. Regardless of the industry and the processes, to be at the forefront, businessmen must recognise and act on emerging ideas before competitors from other countries do so.

Physical presence. When looking at opportunities for globalisation, Indian business houses would do well to realise the importance of a physical presence in the market they wish to operate in. Most foreign companies/buyers find their comfort levels much higher when they deal with a branch office which they can "see and feel", rather than with someone thousands of miles away with a fax message. Establishing a presence in overseas markets could be a chicken and egg problem, of what comes first — the business or the office. But business houses which are serious about globalising must be willing to bear with initial expenses for a few years before the overseas operations become self-generating. Costs of the office need to be looked at in the longer term of having a presence in a potential market rather than as an immediate impact on the corporate profit and loss account.

People. Most overseas offices of Indian companies are manned by individuals who fall into one of the following categories:

- A family member.
- An individual who needs to be rewarded for past work done by giving him a foreign assignment.
- An individual who "can be spared" since he is not contributing enough to the organisation's needs in the booming domestic market.
- A "trusted" individual.
- A person nearing retirement who wants to save some more money.

Very seldom do organisations send out their best people and give them the required support from India to arm them to take on world markets in the face of stiff competition from different countries. Also, companies send functional specialists rather than entrepreneurs who can take a long-term view on behalf of their organisation. The bane of all such foreign set-ups is the "I will refer this to my head office" syndrome, which makes the overseas office a mere post office.

Overseas offices must be staffed by the organisation's best managers who have a career back home, but who are willing to take their chances in uncharted waters rather than in a secure job at home.

Profits. As indicated earlier, Indian business houses need to look at a five-year perspective in which to evaluate the need for an overseas presence. Any expense overseas when converted into rupees always seems very high because comparisons are made with local expenses. Such comparisons tend to make the organisational thinking skewed and the first question that comes to mind is whether it is worthwhile to go overseas.

What most individuals forget is the five-year plan they had developed knowing full well that start-up costs in overseas markets are high and that the returns over the five-year span compensate for the initial costs. Such returns, when converted into Indian rupees, will also become very large when compared with domestic returns — but the organisation has to wait for these returns.

Building up volumes

Business houses must work towards building up a large turnover base in the initial phase rather than look for high margins. The accent should be on building up relationships and sales turnover rather than on profits. Once volumes build up, profits should flow.

Most countries recognise that the truly long run growth opportunities created by sustainable new sources of primary demand lie in Asia. Indian business houses must recognise this fact and grow aggressively in Asia and then spread their wings further.

Becoming global is one of the most significant transformations any company will have to undertake in this jet age. Companies that succeed in the globalisation process will find themselves viable well into the 21st century.

■ ASHUTOSH GARG

The author is vice president, South-East Asia, ITC Ltd. The views expressed are his own and do not necessarily reflect those of his organisation

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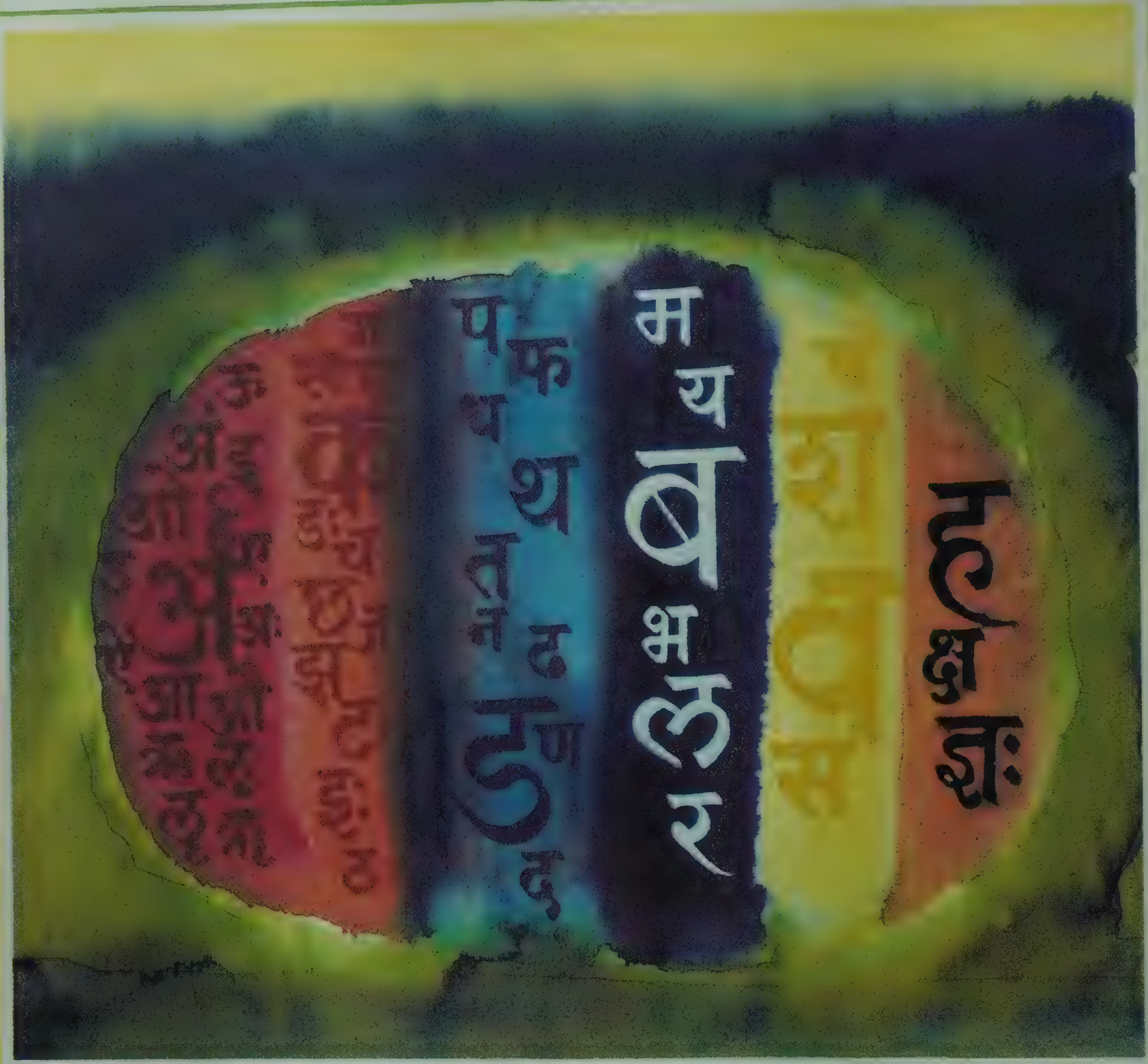

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NEW POLITICS OF AN OLD FAITH

The revival of Islamic fundamentalism

By Shaul Bakhash

THE ISLAMIC REVOLUTION in Iran eleven years ago provided dramatic evidence of an Islamic revival that has swept Muslim communities from Sudan to Pakistan, from the Muslim republics of the USSR to the West Bank.

The Islamic resurgence today is in part an exercise in nostalgia. Behind the call for a return to Islamic government and to the practices of the community established by the Prophet in seventh century Arabia, there is a yearning for a simpler time, when economic inequalities were supposedly insignificant, the deserving rewarded, the family intact, traditional moral rules in place and the status of Islam in the world secure.

The Islamic revival marks the assertion of a distinct cultural and religious identity, often against the West, or at least against real or perceived forms of Western economic, political and cultural domination.

Ayatollah Khomeini's powerful appeal to Iranians and Muslims elsewhere derived from his ability to present Islam as a means of defending the Muslim world against foreign domination. In the Muslim republics of the USSR, Islamic self-assertion by Azers, Uzbeks or Tadzhiks is a means of resisting what is seen as domination by greater Russia.

The Islamic resurgence is almost everywhere an attempt by disadvantaged or upwardly mobile classes to secure a larger share of political and economic rights. In Lebanon, the disadvantaged Shiites march under the banner of Islam to demand power from the heretofore dominant Maronites and Sunni Muslims. In the USSR, fierce struggles between Muslims and Armenians often disguise struggles over land, housing and local economic advantage.

Islam is also being used as an instrument to criticize and embarass autocratic and repressive ruling cliques and elites. Thus the Islamic Brotherhood in Syria and the Islamic movement in Iraq use Islam to attack the harsh regimes of Hafez al-Assad and Saddam Hussein, respectively. In the West Bank, it serves (along with Palestinian nationalism) as an instrument of resistance against Israeli occupation.

In many Muslim countries, the turn to Islam is in part a reaction to the failure of other borrowed models of social and political organization: Western parliamentary

Continued on next page

New politics

Continued from previous page

liberalism, nationalism, the Marxist model of the state-dominated command economy. Recent electoral victories by Muslim parties in Jordan and Algeria suggest a rejection of existing ruling groups and their policies and a lack of confidence in older opposition parties.

Alternatively, where governments suppress all possibility of political activity, as in the Shah's Iran, Islam provides the only outlet. Islam is often also used as a defense mechanism by governments or ruling groups that lack adequate legitimacy. Thus in Pakistan under Zia ul-Haq, in Egypt or the Sudan, weak governments have made concessions to the demands of religious groups as a means of securing badly needed political support.

There is, then, no uniform impulse or single explanation for the current resurgence of Islam. There are, rather, quite different reasons in different regions of the world to rally around the crescent of Islam.◆

Shaul Bakhash is a professor of Islamic history at George Mason University in Fairfax, Virginia.

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Islam's turbulent resurgence

Literacy's important role

BY EDEN NABY
in Cambridge, USA

THE DECADE of the 1980s witnessed a rise in the political force of religion. Nowhere was this association of religion with political change so powerfully apparent as in the Islamic world, and especially in Iran and the neighboring non-Arab areas of Afghanistan and Central Asia.

In Iran, as in Afghanistan, Islam united disparate forces that upset secular ideologists and their superpower allies; the Shah of Iran departed in humiliation as the country rallied around his arch critic, the Ayatollah Khomeini. In Afghanistan, the mujahideen stymied Moscow's plans for a socialist regime in Kabul.

Since the mid-1980s, in the Muslim republics of the Soviet Union from Azerbaijan to Tadzhikistan, local political strategists have only grudgingly respected the Islamic cultures within which they hope to bring about political change.

What will this decade hold for political Islam? To examine its course, we need to examine the origins of the Islamic resurgence and its goals. In this way, we will be better able to understand the events of the 1980s, at least in the eastern Islamic world, and determine its future direction.

In Iran and Afghanistan, the expansion of literacy was a powerful sociological force. A large youthful population began reaching maturity during the 1960s and 1970s and aspired to the promises that literacy held. This generation was often from rural, poor and conservative backgrounds; it was often the first generation of its class to be educated.

Unlike earlier educated generations that were smaller and gravitated to urban areas, this one went to public schools in rural or small urban areas. It was in

Eden Naby has travelled widely in Central Asia and is affiliated with the Center for Middle Eastern Studies at Harvard University in the US.

RANDY GOODMAN

these regions, away from the liberalizing trends of urban centers and Western and socialist modes of thought, that the break between the old intelligentsia and the newly educated emerged.

During the 1970s, both Iran and Afghanistan seemed on the verge of absorption into opposing superpower political and cultural spheres. The Shah of Iran persecuted religious elements while moving ever closer to his patron, the United States. The Soviet-backed regime in Kabul likewise tried to destroy prominent religious leaders.

In both cases, the newly educated youth rallied in opposition to leadership that promoted the cause of neo-colonial forces: the US and the Soviet Union. Ultimately, these superpowers were seen as the cause behind the rejection of traditional Islamic values.

Less well known than Iran and Afghanistan, Soviet and Chinese Central Asia was carved up between China and czarist Russia toward the end of the 19th century. Turkic and Iranian ethnic and cultural groups overlap the international boundaries. Periodic riots through the 1970s and more serious ones during the past decade have signaled the growing restiveness of the native peoples in the region. But it has been difficult to get reliable information on recent events because military force is regularly used by Moscow and Beijing to suppress dissent. When the Kirghiz outside of the western Chinese city of Kashgar rioted upon being prevented from opening a mosque last April, for example, the Peoples Liberation Army quickly cordoned off the entire region.

The complex ethnography of Central Asia has been complicated further by Russian manipulation of ethnic differences to create whole new Soviet republics.

The faithful and their faith: anti-colonialism or religion?

Until the beginning of the 1970s, these republics were largely controlled by Russians or their cowed and malleable local protégés. After that, the same socio-cultural forces as in Iran and Afghanistan came into play to spur similar phenomena. Large, youthful populations of conservative background have become literate and now demand a political voice. Many of these elements look to Islamic conservatives for leadership because they are among the few untainted by complicity with the government. The Soviet government has alternately conceded to the demands of these forces—through largely symbolic gestures, such as allowing the construction of mosques—and stepped up atheistic propoganda efforts aimed at stamping out Islamic culture and belief.

The real threat to Moscow's control of Central Asia, however, comes from a combined effort of young secular elites bent on breaking the hold of both Russians and local pro-Russians in cooperation with religious conservatives who can appeal through Islam to the major portion of the area's population. For both groups, Russians represent outsiders, colonists and atheists (or non-Muslims).

Evidence for the growing association of Islam with anti-colonial thinking may be seen in the emergence of respected, highly educated rural Muslim leadership among Tadzhiks and Uzbeks.

What follows the decline of Soviet power in this Islamic region may very well be a decade of civil strife as religious and secular leaders jockey for the power to decide the region's destiny. In view of the unsettled conditions in Iran and Afghanistan, the emerging political pattern could well replace the patchwork of international boundaries that today separate Iran, Afghanistan, Soviet and Chinese Central Asia. ◆

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Muslims fear 'containment'

Will a unified, emboldened West see Islam as a threat?

BY MUSHAHID HUSSAIN
in Islamabad, Pakistan

IN MANY REGIONS of the world, the urge for political freedom has been manifested by a closely held faith in Islam. It is at this time, at the beginning of the last decade of what has been a momentous century, the West—and particularly the US—is faced with some vital choices regarding its future relations with the Islamic world.

The conflicts that now extend from the Balkans, across the Middle East, to the South Asian subcontinent were initially sparked in 1979 by the Iranian Revolution, arguably the second-greatest ideological upheaval of the 20th century after the Bolshevik Revolution of 1917.

In the last decade, events in Iran and Afghanistan have restored the pride and self-confidence of Muslims because both countries, in their own way, helped demolish the myth of superpower invincibility. The Islamic revolution in Iran and the mujahideen's struggle in Afghanistan also contributed to rekindling the long-dormant spirit of comradery between the two countries' nearly 70 million Muslims. These events have helped energize a resurgence in political Islamic movements throughout Central Asia and beyond.

Copies of the Koran have been smuggled into Muslim areas of the Soviet Union via Afghanistan for years; some well-organized groups of devout Muslims have trekked into the Soviet heartland, operating out of the South Asian subcontinent, spreading the message of Islam and preaching to Soviet Muslims.

The most recent wave of opposition to Indian control of Kashmir, the disputed territory tucked between Pakistan and India which has a Muslim majority, began in 1987 when a group called the Muslim United Front contested the fairness of local elections.

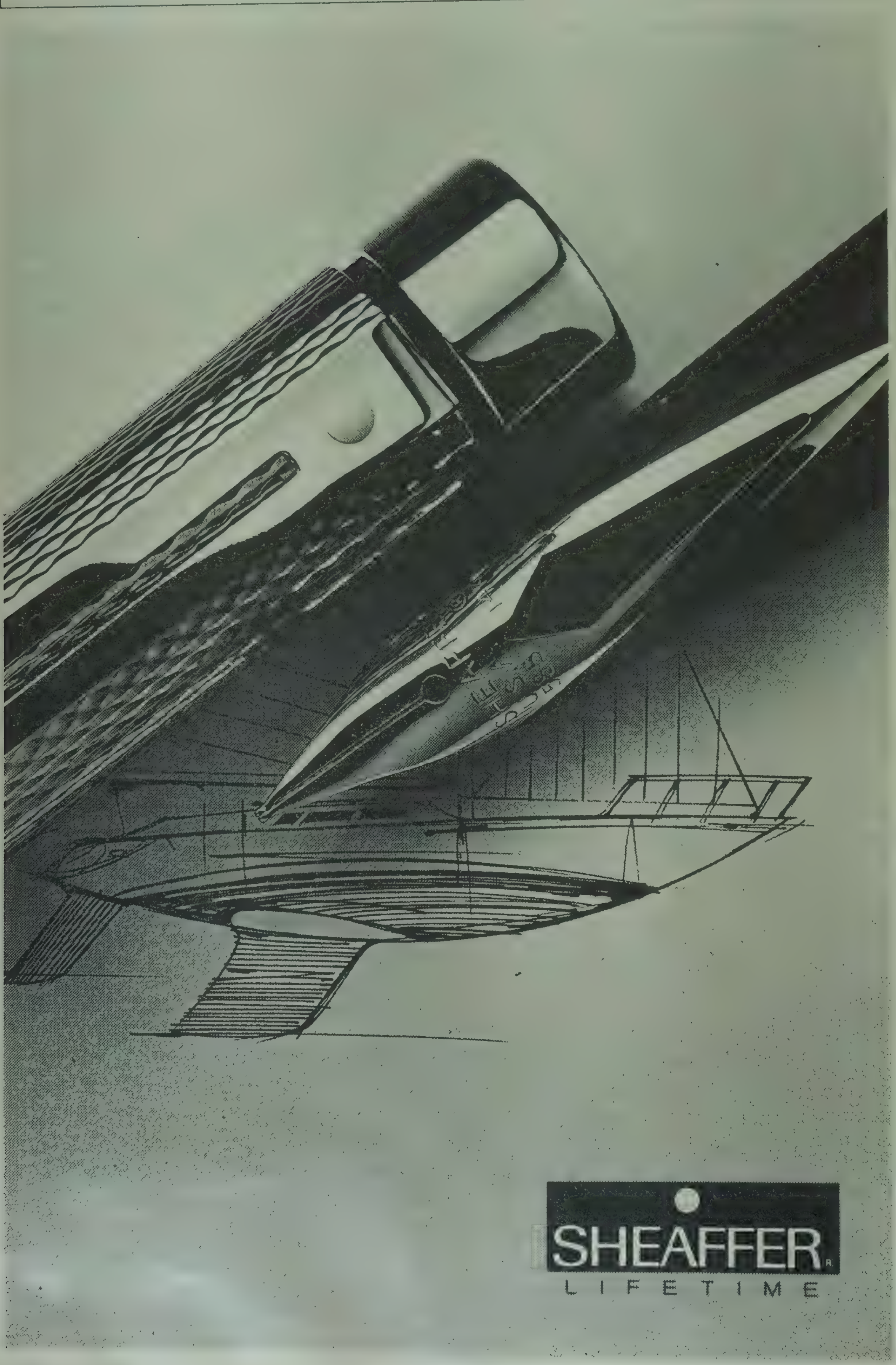
Cultural symbols of an international Islamic identity are also emerging. If, during the Iranian revolution, Iranian women demonstrated their rejection of westernization under the Shah by wearing their headscarves, so too in Kashmir do Muslim women wear their scarves as a symbol of resistance to what they perceive as India's Hindu domination.

Many Muslims fear that as the political and geographic order of the Soviet Union disintegrates, Russia and many of the Soviet Union's onetime satellites may revert to an identity more compatible with Western Christian civilization.

Will a unified and emboldened West regard Islam as a threat? There is some concern within the Islamic world that the "containment of Islam" may replace the "containment of communism" as the ideology of a new Western world.

If the desire for freedom among East Europeans and the Baltic states gladdens Western hearts, then the West should not feel threatened by the possibility of Islamic republics dotting Central Asia, whose Muslim peoples only desire to determine their destiny in accordance with their heritage. After all, the Crusades ended over 700 years ago.◆

Mushahid Hussain reports for *The Nation* from Islamabad.



Fundamental fallacies

BY TARZIE VITTACHI

At a recent meeting of people concerned with values appropriate to our day and age, someone asked me: "How come there is Muslim fundamentalism, Christian fundamentalism and Jewish fundamentalism, but there is no Buddhist fundamentalism?"

Without a thought, I replied: "Because we have no book."

That sounded glib, even to my own ears, but as I thought more about it I began to see that it may well be the true answer.

People who follow a book, or a set of tenets listed in a book, are always tempted to refer back to it for guidance. Usually, there is a group of people who are empowered by inheritance or appointment to interpret the book. Only they know the "right" meaning and can decipher what the originator of the rules "meant." The rulebook is not inside them but outside.

This could be said for all religious fundamentalists, whether they are Christian, Jew or Muslim. The ayatollahs of Christianity in the US Midwest, the ayatollahs of Judaism in Jerusalem or Brooklyn and the ayatollahs of Islam in post-Khomeini Iran are all for tightening up the morals and beliefs of their followers according to the literal interpretation of the Bible, the Torah, the Koran—and all attendant holy books.

If they had their way—and that is what they would dearly love—they would publicly burn English poet and author William Empson's book *Seven Types of Ambiguity*, since Empson is no longer around for frying, and decree that it is a mortal sin to let people think for themselves. Thus, you would be compelled to believe that women are second-class citizens to men because Eve was made from Adam's rib and that the only purpose of making love is to produce children— as though the act of love needed a product. And you would have to believe, on pain of eternal damnation, that the Judeo-Christian story of Creation must be taken as unquestionable fact, Darwin and carbon dating notwithstanding.

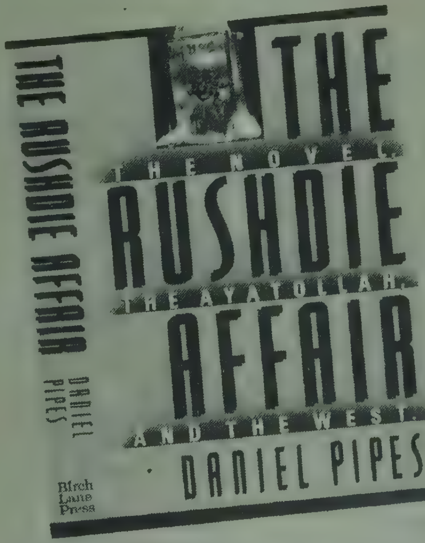
The British are very canny about such things. They are also natural-born liberals. Even Prime Minister Margaret Thatcher, despite her penchant for moving backwards in political time, has never tried to unearth the fundamental intentions of the British Constitution. Of course, there is no such thing, certainly not a constitution you can point to in a single book or piece of parchment signed by various early worthies. Not having a written constitution to refer to, there is no argument about it, no search for fundamental, i.e. literal, meanings. It is just *there*, scattered about in odd documents like the Magna Carta, the Bill of Rights of 1689, records of the proceedings of Parliament and interpretations given by the courts. Ambiguity, sir—as Dr. Johnson might have said—is the soul of liberalism.

Gautama Buddha, one of the few great religious teachers who could read and write—and who could have written an encyclopedia of spiritual knowledge if he had been so inclined—never did. Nor did his followers, such as Ananda, Sariputta and Moggollana, produce a written canon of the Buddha's teachings. Like the Buddha, they were Hindus. They were not founding a new religion. So it never occurred to them that they had to compile a book for succeeding generations to study and obey. That is why, thank heaven (thank Nirvana?), there are no Buddhist ayatollahs.♦

Tarzie Vittachi is a *WorldPaper* associate editor at large.

Book? What book?

For many Muslims, Rushdie's novel is evidence of Western plot



ALMOST TWO YEARS since the publication of his novel *The Satanic Verses*, Salman Rushdie remains in hiding and has signed no new contracts for publication. Nonetheless, his last book continues to enrage the Muslim world.

In his book *The Rushdie Affair*, Dr. Daniel Pipes of the University of Pennsylvania analyzes the far-reaching effects of Rushdie's novel within and beyond the Muslim world.

Religious taboos, says Dr. Pipes, are central to the Muslim faith. Desecrating the Koran is one such taboo. The title of Rushdie's novel, when translated into Arabic, reads as "The Satanic Koran." Though Rushdie nowhere states that the Koran was written by Satan, the implication of its Arabic title is sufficient for the Muslim world to loudly voice its indignation.

Meanwhile, Salman Rushdie still fears for his life. Recently, the author pledged $8,650 to help Iranian earthquake victims. In response, an Iranian Imam (spiritual leader) warned Rushdie he cannot buy clemency.

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IF THE 1980s was the decade defined by the expanding power of Japanese capital, the 1990s may witness a re-emergence of the Arab petrodollar's power.

One telltale event occurred in April when Investcorp of Bahrain elbowed out Tobu Department Stores of Tokyo and the Long Term Credit Bank of Japan to acquire the American department store Saks Fifth Avenue for US$1.5 billion.

The recent chill in the Tokyo Stock Exchange, followed by a decline in value of the yen vis-a-vis the US dollar, has economically weakened Japan, and particularly the Japanese appetite for foreign acquisitions. Meanwhile, oil's cost-per-barrel has risen from under $10 in 1986 to nearly $18 for the last two years, flushing more revenues into the coffers of the 13 members of the Organization of Petroleum Exporting Countries (OPEC).

Recently, the US trade deficit with countries in the Middle East and North Africa jumped an unprecedented 611.6 percent, to $1.9 billion, in the first quarter of 1990, according to the US Department of Commerce.

At the same time, OPEC purchases of US equities soared to $3.6 billion at the end of last year, double the previous one-year high of $1.8 billion, recorded in 1976.

Arab foreign assets were estimated to be around $350 billion in mid-1989 by the Gulf Cooperation Council, a trade and security organization comprising six countries on the Arabian peninsula. Nearly half that figure is private sector investment. Close to 35 percent of that total was invested in Europe, 14.5 percent in the US, 16 percent in countries belonging to the Organization of Economic Cooperation and Development (including Japan and Canada), and the rest in the Arab world.

The oil market is definitely on the upswing, possibly for the remainder of the nineties. But by the end of this decade, the 13 members of OPEC will be reduced to a handful of exporters. Not that some members—such as Indonesia, Gabon, Ecuador and even Algeria—won't be able to produce oil, but their reserves are expected to dwindle to extremely low levels.

That would leave Persian Gulf nations with huge oil reserves such as Saudi Arabia, Kuwait, the United Arab Emirates, Iraq and Iran as the only large providers to the oil market in the year 2000, or even before.

With this emerging power, will the Arabs once again try to use their "oil weapon" or, rather, the "petrodollar weapon," to further their policies around the world? The 1973-74 oil embargo taught the Arab nations that an embargo cannot last more than five months and that there are other oil-producing nations—not OPEC members—who would be more than willing to meet world oil demand.

Saudi Arabia is perhaps one of the few countries that would not attempt to drive the price of oil to unrealistic heights, fearing that consumers of crude oil will develop alternative sources of energy that can compete with the price of oil. In other words, the Riyadh government still wishes to keep the world "addicted" to oil.◆

David Toufic Mizrahi is editor and publisher of *MidEast Report* and a *WorldPaper* associate editor.

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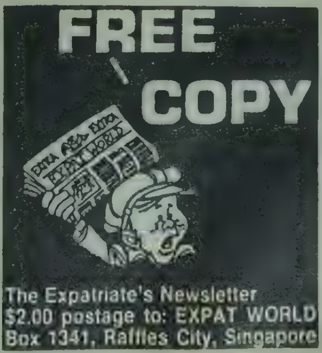

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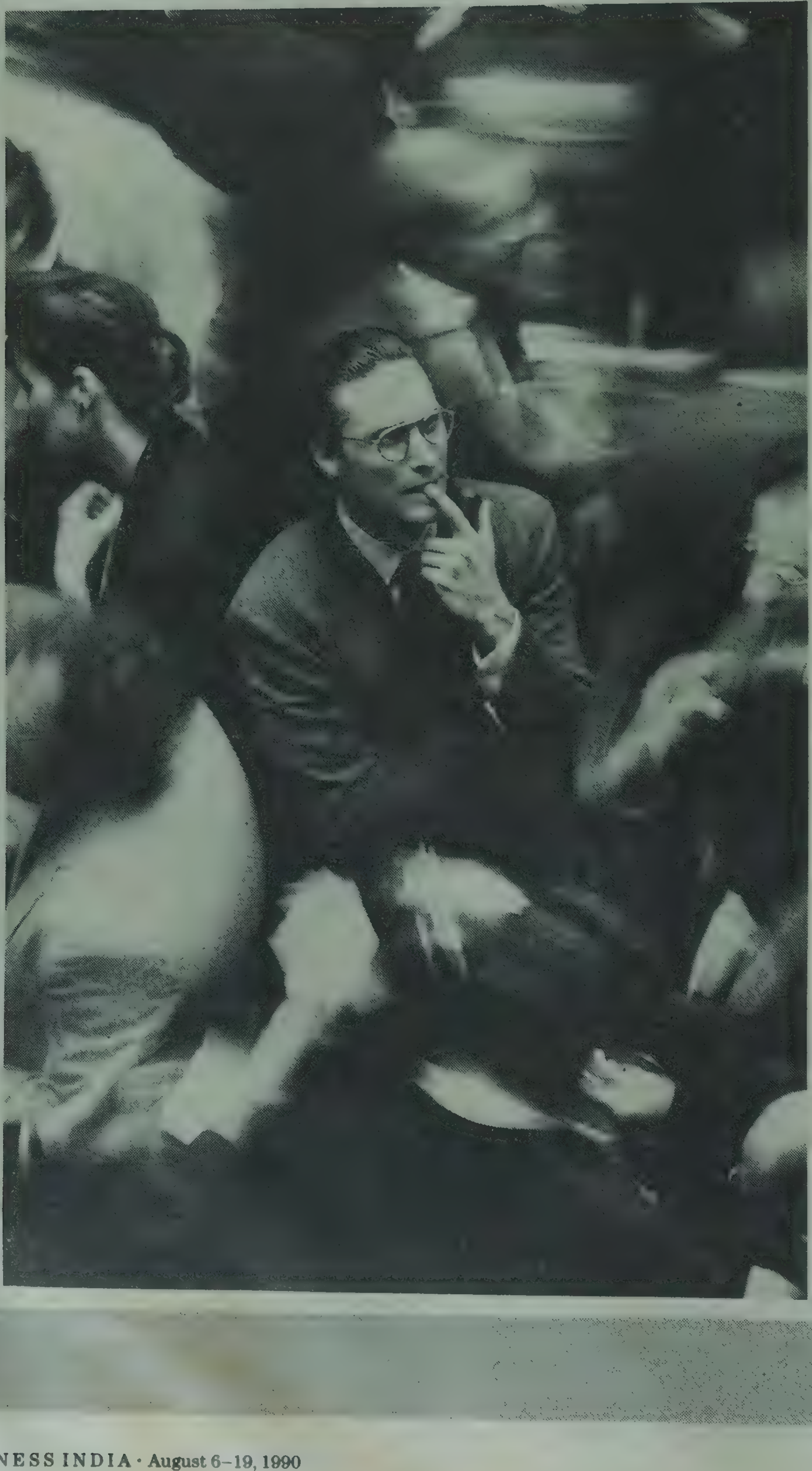

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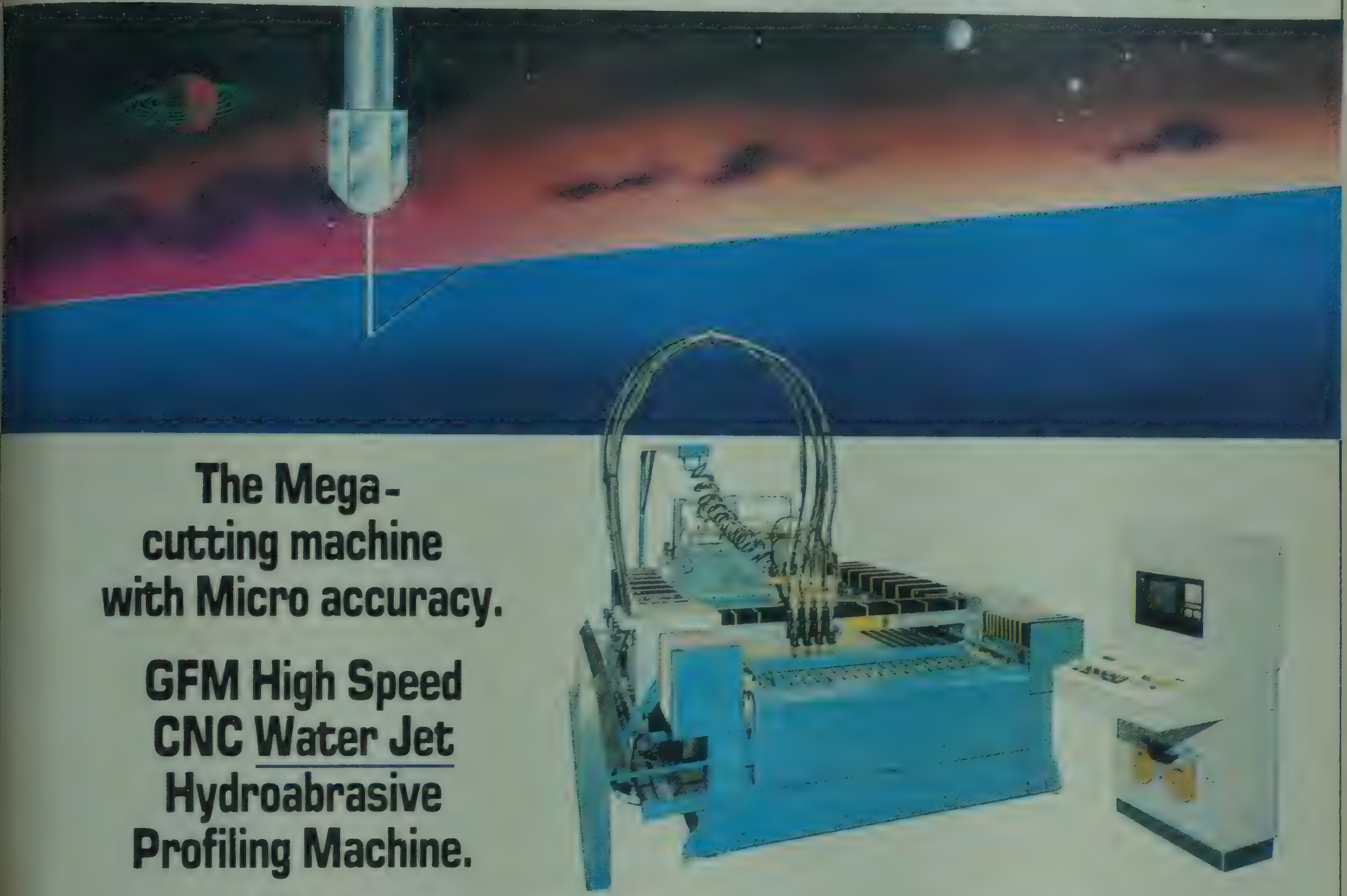

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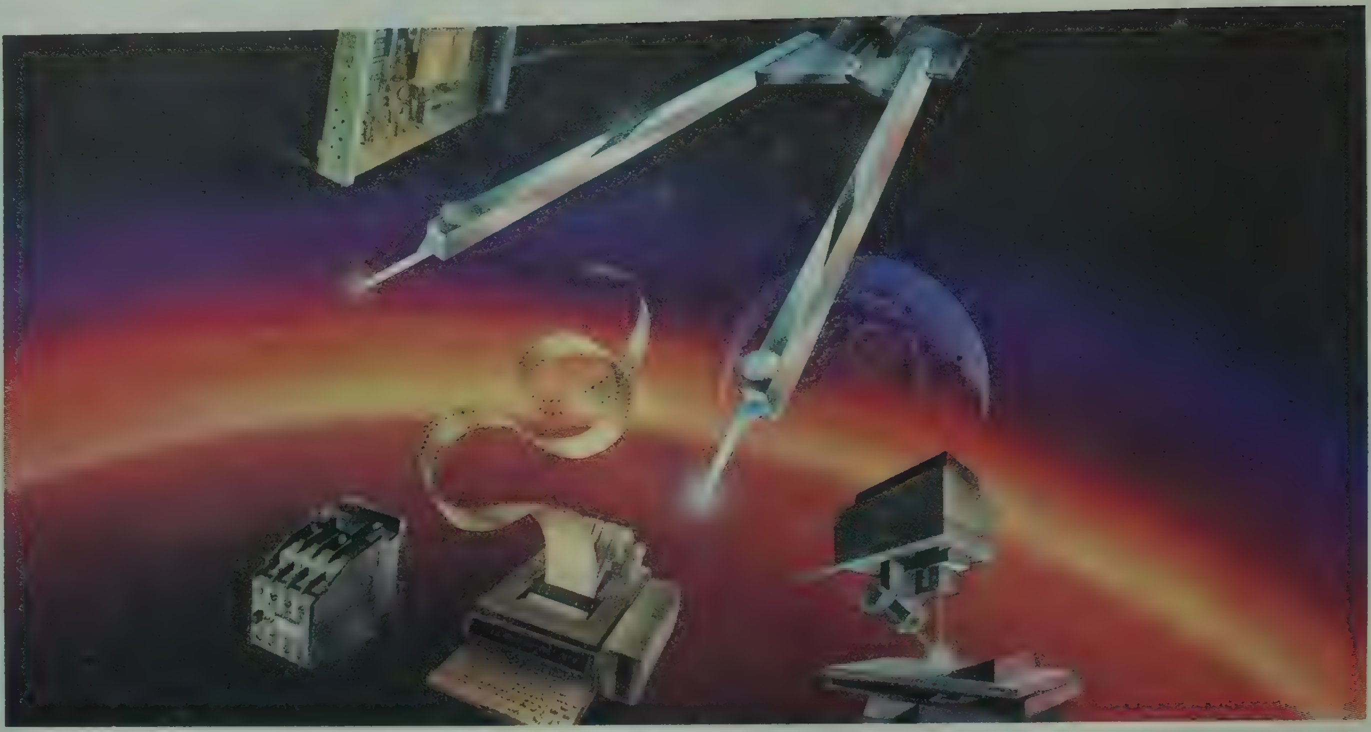

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Voltas

Satisfactory performance; accumulated losses of Volhro keeps tax liability nil; dividend up by 50 per cent on an annualised basis; scrip in the limelight

Voltas has reported improved results for the year ended 31 March, 1990. The dividend outflow is up by 50 per cent and the scrip is in the limelight after the announcement of the results.

Sales during the year increased and other income was also up by 77.9 per cent. The operating profit improved by 22.2 per cent to Rs.37.38 crore (Rs.17.85 crore). Depreciation charges were up by 33.6 per cent as there was a substantial addition to the gross block in the last three years.

There is no tax liability even in the cur- ent year due to unabsorbed losses of the malgamated Volhro Limited Company romoted by Voltas. This pushed the botom line up.

Voltas *(Rs crore)*

Year ended	31 Mar '90	31 Mar '89*	% change**
Gross sales	500.04	264.05	10
Other income	3.69	1.21	78
Raw materials & components consumed	274.25	146.68	9
Employees' cost	49.33	26.97	6
Other expenses	39.85	20.18	15
Interest	12.58	6.32	16
Depreciation	6.64	2.90	33
Tax	-	-	-
Net profit	18.16	8.63	23
Equity capital	19.84	12.78	
Reserves & surplus	42.14	34.84	
Borrowings	86.61	86.75	
Net block	89.56	72.14	
Dividend (%)	24.00	14.00	
Market price (Rs.)			
Current	104.00		
1989 — High	104.00		
Low	64.00		

** 7 months ** annualised basis*

Earnings per share improved from s.9.0 (annualised) to Rs.9.15 on an en- anced capital after the 1:2 bonus in 1989. hus, EPS on pre-bonus capital was igher at Rs.13.73. Dividend was mainained at the rate of 24 per cent (previous even months: 14 per cent) which works ut to 36 per cent of the pre-bonus capital. rofitability was marginally higher. Operting margins improved from 6.73 to 7.42 er cent; gross margins from 4.35 to 4.92 per cent and net margins from 3.25 to 3.61 per cent.

Profitability would have been still higher but for a 55 per cent increase in bad debts, provision for doubtful debts and advances at Rs.3.32 crore (Rs.1.25 crore). This could have been on account of the fraud that occurred at its Nagpur branch, a few years ago. Commission on sales increased by 37.7 per cent to Rs.2.03 crore (Rs.86 lakh) and advertising expenses were up by 22 per cent to Rs.4.12 crore (Rs.1.97 crore) due to competitive market conditions. Employees cost and manufacturing expenses were, however, tightly controlled.

Its air-conditioning and refrigeration division continues to be the most profitable division. Sales volume of room air-conditioners and refrigerators was higher by 8 and 21 per cent respectively. Average sales realisation also improved by 9 and 4 per cent respectively. This absorbed escalation in input costs. The number of air-conditioning and refrigeration turnkey jobs increased from 248 to 567, an increase of 33.4 per cent on an annualised basis. Voltas continues to be the market leader in the organised refrigerator market. The newly introduced 165 litre refrigerator is expected to substantially cut down manufacturing costs. The company plans to further its refrigerator and compressor building facilities.

The working of the pharmaceuticals and drugs division improved by 19 per cent to Rs.74.45 crore (Rs.36.56 crore). However, margins continued to be under pressure. The working of the materials handling equipment declined by 10.3 per cent to Rs.29.78 crore (Rs.19.36 crore) due to lower sales volumes of forklift trucks and hydraulic truck cranes. Labour problems adversely affected the working of the transformers division and sales volume declined by 32.3 per cent. However, sales of switchgears more than doubled to Rs.18.01 crore (Rs.5.08 crore).

After the merger of Volhro, the working of the pesticides and chemicals division improved considerably to Rs.63.66 crore (Rs.48.51 crore), an increase of 31 per cent on an annualised basis. Technology for this division is being updated. The division has received an export order worth Rs.5 crore a year for the next three years.

The company has added two more subsidiary companies to the existing six. However the return, compared to investment made, in these subsidiaries is adequate.

The distribution of Pepsi snack foods is to be further strengthened and the Pepsi range of beverages will soon be launched. The company is considering diversification proposals and plans to modernise its plant further. The company's management is confident of maintaining an upward trend in sales and profitability.

The scrip, currently being quoted at Rs.104, discounts its EPS by over 11 times. It has already appreciated by 30 per cent in about two months, since the announcement of its results and is considered an excellent medium term investment.

Bajaj Auto

Joins the Rs.1,000 crore sales club; record dividend; liberal bonus issue on the cards; expansion plans under implementation; tax liability shoots up fivefold

Bajaj Auto, the largest Indian scooter manufacturer (second largest in the world after Piaggio of Italy) has crossed Rs.1,000 crore sales for the year ended 31 March 1990. A record dividend of 110 per cent was declared, but the company preferred to defer the bonus issue.

Lower input costs have considerably improved profitability. Operating margins have risen to 17.67 per cent (14.06 per cent) which pushed operating profit up by 60.7 per cent on an annualised basis

Bajaj Auto *(Rs crore)*

Year ended	31 Mar '90	31 Mar '89*	% change**
Net sales	818.45	490.60	25
Other income	50.26	24.70	52
Excise duty	195.92	108.93	35
Raw materials consumed	520.09	325.82	20
Employees' cost	72.46	43.18	26
Other expenses	87.29	61.19	7
Interest	24.50	14.81	24
Depreciation	62.49	37.97	23
Tax	36.00	4.50	500
Net profit	65.10	30.50	60
Equity capital	18.81	18.81	
Reserves & surplus	261.22	219.78	
Borrowings	450.93	400.49	
Net block	301.35	290.40	
Investments	60.25	58.94	
Dividend	110.00	35.00	
Market price (Rs.)			
Current	513.00		
1990 — High	513.00		
Low	290.00		

** 9 months ** Annualised basis*

to Rs.188.09 crore (Rs.87.78 crore).

Despite higher interest costs, gross profit went up with gross margins improving to 15.37 per cent (11.69 per cent). With tax ratio higher at 35.6 per cent (12.86 per cent), tax liability increased fivefold to Rs.36 crore (Rs.450 crore). Still, net profit recorded a growth of 60 per cent with net margins improving to 6.11 per cent (4.89 per cent).

Production of scooters (including CKD packs) increased by 4 per cent to 74,200 (53,593). Production of motorcycles declined by 8.3 per cent to 89,619 (73,303). The Kawasaki Bajaj failed to evoke the expected response in the previous period. The company had received permission to expand the capacity of the Waluj plant from 300,000 to one million vehicles. This along with the 500,000 capacity plant at Akurdi will enable the company to produce 1.5 million two/three wheelers.

To implement expansion plans, the company added Rs.76 crore to its gross block. Trial production of Bajaj Sunny, the 50 cc two-wheeler was undertaken in March 1990 with the help of in-house technology. Two more new models in addition to the Kawasaki Bajaj 4-stroke motorcycle is to be launched during the current year.

The proportion of imported raw material to that of the total raw material was higher. Costs rose, thereby, at 30.54 per cent (25.41). Despite this, raw materials cost as a percentage to net sales was brought down from 60.97 to 59.29 per cent. The company plans to increase use of polymer materials (reduces metal consumption) which would cut down cost of production further. The imported content of raw material in the KB 100 motorcycle will be reduced further from 13 to 7 per cent. This will make its sales more competitive.

Other income was substantially higher due to writeback of provisions no longer required at Rs.6.08 crore (Rs.1.79 crore); higher profit on sale of investments at Rs.0.81 crore (Rs.17 lakh); productivity grant of Rs.13 lakh (nil) and income from UTI units at Rs.7.49 crore (nil). In the previous nine-month period there was no income from units as in 1987-88. This is because the method of accounting for this income was changed from cash to accrual basis.

Profit during the year would have been better but for provision for doubtful debts and advances of Rs.17 lakh (nil) and write off of non-refundable electricity service connection charges Rs.70 lakh (nil). The company has fully written off the discount of Rs.94 lakh (nil) offered for issue of commercial papers.

Instead of issuing bonus shares, the company ploughed back Rs.44.40 crore to finance its expansion plans. With an EPS of Rs.34.61 and book value of Rs.150 per share, another liberal bonus issue is on the cards. Currently, at Rs.513, the price/earnings ratio works out to about 15 times.

Polyolefins Industries

Shortage of key inputs affects HDPE production; profit declines due to lower production, higher interest and depreciation charges; dividend maintained; awaits approval for various expansion and diversification plans

Polyolefins, an Arvind Mafatlal group company, has suffered a setback for the year ended 31 March 1990 due to higher interest, depreciation and tax liability and also due to shortage of key inputs resulting in lower production of high density polyethylene (HDPE).

Polyolefins Industries *(Rs crore)*

Year ended	31 Mar '90	31 Mar '89*	% change**
Net sales	182.53	189.90	20
Other income	26.74	34.81	-4
Power and fuel	11.74	11.33	29
Excise duty	26.74	34.81	20
Materials consumed	221.17	236.95	16
Employees' cost	13.96	15.94	10
Other expenses	70.08	68.47	
Interest	8.54	6.11	74
Depreciation	7.86	5.27	86
Tax	9.25	9.20	25
Net profit	18.14	27.12	-16
Equity capital	19.30	19.30	
Reserves & surplus	56.49	45.02	
Borrowings	72.79	46.00	
Net block	69.36	66.27	
Dividend	35.00	35.00	
Market price (Rs.)			
Current	1175.00		
1990 — High	1525.00		
Low	890.00		

** 15 months ** Annualised basis*

However, there was pressure on profitability, operating profit decreased by 14.8 per cent to Rs.43.79 crore (Rs.47.70 crore) with operating margins declining marginally from 26.13 to 19.8 per cent. Substantially higher interest costs pushed down gross margins further to 15.94 per cent (17.55 per cent). Net margins were lower by three points to 8.2 per cent (11.45 per cent). Tax ratio moved up from 25.33 to 33.77 per cent.

HDPE is the largest contributor to sales (48 per cent) followed by rubber chemicals (31 per cent) and processed polyethylene products (10 per cent). During the year, production of HDPE declined by 15.2 per cent on an annualised basis to 34,384 tonnes (50,708 tonnes). This was on account of shortage of key raw material, ethylene. As a result, the capacity utilisation of the HDPE plant declined to 67 per cent (81 per cent). Due to lower production, sales volume also declined by 14.4 per cent to 31,396 tonnes (45,839 tonnes). However, sales realisation per tonne improved by about 10 per cent to Rs.32,173 (Rs.29,316). Sales volume of rubber chemicals and processed polyethylene products was up by 15.2 per cent and 12.7 per cent respectively. Exports jumped by a whopping 286 per cent on an annualised basis to Rs.5.95 crore (Rs.1.93 crore).

Cost of the major raw materials were stable except for solvents and chlorinated aromatics and amines, whose cost per tonne escalated by about 30 per cent. There was a sharp increase in the cost of stores and spares utilised, by 50 per cent. Power and fuel cost increased by 30 per cent, this was due to a hike in tariff rates by 9.2 per cent and a higher unit consumption of electricity in case of polymers and chemicals.

During the year, loss on sale of investments was higher at Rs.88 lakh (Rs.33 lakh). The company also sold 100,000 bonds of the Indian Railway Finance Corporation. The aggregate market value of quoted investments appreciated by 51 per cent to Rs.7.01 crore (Rs.4.65 crore). This was because the company holds 150,000 shares of Mafatlal Industries Ltd whose market price has gone up substantially.

Borrowings increased by Rs.26.79 crore. This was to part finance higher levels of inventories, loans and advances. This resulted in a 75 per cent increase in interest costs. Additions to the gross block, financed partly by internal accruals of over Rs.19 crore, mounted to Rs.23.64 crore.

The expansion/modernisation of the HDPE to 150,000 tonne capacity was delayed as this was linked to Nocil's expansion plans. The company has received a letter of intent and the MRTP approval to manufacture 20,000 tpa of aniline and its by-products. A letter of intent to manufacture sodium bisulphide and diamino disulphide (used to control pollution) is awaited. The company is taking steps to implement the project to manufacture ethylene-propylene monomer.

The scrip currently at Rs.1,175 discounts its EPS by 12.5 times. The scrip did move downwards to Rs.1,075 on announcement of the results but recovered quickly during boom conditions.

Mafatlal Industries

Rise in profits; dividend up two points; company plans diversification; news acquisitions on the anvil

Mafatlal Industries, an Arvind Mafatlal group company, engaged in the manufacture of textiles, has reported a substantial rise in profits. However, if one looks at the previous year's accounts, one finds that two extraordinary items of expenditure, aggregating Rs.3.23 crore, had pushed last ear's profits down. These two items — depreciation in respect of earlier years, s.2.33 crore and an amount of Rs.0.90 rore— were written off in respect of one ompany in the group.

Mafatlal Industries *(Rs crore)*

Year ended	31 Mar '90	31 Mar '89	% change
Net sales	141.23	116.93	21
Other income	12.24	10.08	21
Excise duty	8.93	8.35	7
Raw materials consumed	50.24	44.39	13
Employees' cost	20.61	19.47	6
Other expenses	48.34	42.77	13
Interest	9.02	9.36	-3
Depreciation	7.51	6.86	9
Tax	0.60		
Net profit	3.05	0.65	369
Equity capital	13.45	13.40	
Reserves & surplus	43.81	43.53	
Borrowings	56.50	58.54	
Gross block	100.02	94.97	
Dividend (%)	22.00	20.00	
Market price (Rs.)			
Current	550.00		
1990 — High	590.00		
Low	360.00		

If these two non-recurring items of exenditure are excluded from last year's ccounts, net profit during 1989-90 would have been lower by 6 per cent. It must be noted that the figures presented in the accompanying table are arrived at, after considering the two non-recurring items of expenditure.

Net sales during the year under review, improved by 21 per cent to Rs.141.23 crore (Rs.16.93 crore). After years of depression, in the textile industry, demand has improved both in the domestic and the global markets. Exports at Rs.31.65 crore (Rs.22.65 crore) represents an increase of 41 per cent. With exports accounting for more than 25 per cent of manufactured goods, interest on term loans from financial institutions has been lower by 2 per cent. Interest costs during the year declined by 3.6 per cent to Rs.9.02 crore (Rs.9.36 crore). Higher exports has also resulted in higher export incentives at Rs.5.25 crore (Rs.3.18 crore), an increase of 141 per cent.

Operating profits improved by 19.62 per cent to Rs.20.18 crore (Rs.16.87 crore). Lower interest costs pushed gross profit further upward. Pre-tax profit showed a fivefold increase. On the face value of Rs.100, EPS has improved from Rs.4.85 to Rs.22.68. The company has stepped up dividend to 22 from 20 per cent. With a payout ratio of almost 100 per cent, last year, the dividend was paid out of reserves.

The textile division accounts for about 86 per cent of total sales. Sales volume of cloth was higher by 17.1 per cent to 60.92 million metres (52.01 million metres). Sales realisation per metre improved marginally by 3.71 per cent to Rs.21.11 (Rs.20.33). The company has spent Rs.5.54 crore on modernisation of the division. The bumper cotton crop also kept cotton prices stable.

The working of the chemicals division improved marginally by 3.3 per cent to Rs.12.65 crore (Rs.12.24 crore) but its performance was affected by large scale availability of imported dimethyl aniline at cheaper rates. However, the division introduced various specialty chemicals which were well received. Exports of the division increased by 45 per cent to Rs.3.11 crore (Rs.2.15 crore).

The company managed its working capital very well. The average number of days, for which inventories were held, was brought down from 107 to 92 days and average outstandings were lower at 54 days (81 days). This also resulted in lower interest charges. However, the company has not provided for possible losses that may arise from investments of Rs.2.61 crore and advances of Rs.3.82 crore to the sick Mafatlal Engineering Co. Ltd.

The company proposes to diversify by setting up a plant to manufacture professional grade connectors which are presently imported. The project, to cost Rs.19 crore, will be set-up with the technical collaboration of Siemens AG of West Germany. The company is also acquiring (from Mafatlal Fine) 612,000 equity shares of Rs.10 each at Gujarat Gas Co. Ltd, which is engaged in distribution of gas in Gujarat.

The scrip currently being quoted at Rs.550 discounts its EPS by over 24 times against the industry's price-earnings ratio of 13 times.

TRENDS

Montari Industries

Montari Industries, a part of the fast growing Ranbaxy group of companies, has fared well during the second half of the current year.

The company, which manufactures a large number of pesticides, has benefited from the demand from the agricultural sector due to favourable climatic conditions.

Results would have been still better but for the unfavourable import policy which affected the sales of Butachlor, one of the products of the company. Dumping of this product by overseas suppliers made it economically unviable for the company to sell off its products.

Better unit realisation for the company's other products has, however, improved the operating profit of the

Montari Industries *(Rs crore)*

Period ending	Oct '89- Mar '90	Nov '88- Mar '89	May '88- Mar '89
Net sales & other income	20.18	9.68	20.75
Raw materials cost	13.88	7.13	15.02
Salaries & wages	0.64	0.31	0.67
Other expenses	3.26	1.19	2.81
Operating profit	2.40	1.05	2.25
Interest	0.97	0.44	1.16
Gross profit	1.43	0.61	1.09
Depreciation	0.47	0.45	0.75
Tax	0.24		
Net profit	0.72	0.16	0.34
OP/sales (%)	11.9	10.8	10.8
RM/sales (%)	6.9	7.4	7.2

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(A Govt. of India Enterprise)

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The Company has set up India's largest Alumina Refinery with a capacity of 800,000 tonnes of calcined Alumina production per annum at Damanjodi in the Koraput District of Orissa. The refinery produces high quality sandy alumina and is operating at its rated capacity.

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- ★ Abrasive grade alumina
- ★ Refractory grade alumina
- ★ Ceramic grade alumina
- ★ Spark plugs
- ★ Electronic ceramics
- ★ Microfined hydrate

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All information received by NALCO in this regard will be treated as confidential.

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Tel: 8253953 Telex 41 6693 EXHO IN

CHHAYA/SEC/2222

company. This can be witnessed from the fact that operating profit for the six months is more than total profit earned in the last accounting period of 11 months.

Heavy interest charges are probably due to short term borrowings to cover the inventory carrying cost of unsold pesticide formulations. Nevertheless, gross profit has shot up substantially to Rs.1.43 crore, from Rs.61 lakh in the previous year.

Net profit at Rs.72 lakh is almost twice the earnings during the previous 11-month period. This is sufficient to wipe out the carried forward losses of the company and leave a surplus; the latter was sufficient for the company to declare a maiden dividend of 12.5 per cent on the equity.

Modi Rubber

There has been a complete turnaround in the fortunes of Modi Rubber during the second half of the current year. As against a niggardly profit of Rs.2.54 crore, earned in the first half, the company has earned a phenomenal profit of Rs.22.53 crore in the second half. Besides, in sharp contrast to the loss of Rs.2.86 crore, incurred in the first half, the company has earned a net profit of Rs.8.93 crore in the current half. Although this is considerably less than the profit earned in the 11-month period last year, the trend is very clear.

The demand, both in original equipment and the replacement market, following the boom in the automobile sector, is expected to continue for quite some time. Reflecting the optimistic outlook, Modi Tyre shares, like that of other tyre companies in the oligopolistic industry, has shot up markedly. From a low level of Rs.50 just a few months ago, the share has shot up to over Rs.80.

Modi Rubber *(Rs crore)*

Period ending	Oct '89-Mar '90	Nov '88-Mar '89	May '88-Mar '89
Net sales	254.16	232.43	408.86
Other income	4.46	2.49	4.98
Total income	258.62	234.92	413.84
Interest	9.63	7.42	12.74
Gross profit	22.53	10.12	26.14
Depreciation	4.60	4.70	8.62
Taxation	9.00	0.97	4.00
Net profit	8.93	4.45	13.51
GP/sales (%)	8.9	4.4	6.4
NP/sales (%)	3.5	1.9	3.3

RESULTS ANNOUNCED

Asea Brown Boveri

Asea Brown Boveri (ABB), formed by the merger of the two electrical giants Asea and Hindustan Brown Boveri in 1989 has shown good working results for the nine-month period ended December 1989. The company has completed its first full term since the accounts were merged and the figures clearly reveal the bright prospects in store for shareholders. Income from sales and services on an annualised basis has zoomed by 40 per cent to Rs.148.54 crore. While profits at all levels have upped by over 100 per cent, the net profit has peaked at Rs.4.13 crore, up 195 per cent.

The company has been contemplating the setting up of facilities, for the manufacture of gas turbines and steam turbines for power generation. This would involve an investment of over Rs.150 crore. The proposed location for the plant is Vadodara, Gujarat where ABB has facilities for manufacturing large power generation equipment.

With the company's equity capital pegged at Rs.9.86 crore and reserves at Rs.40.56 crore, the scrips indicate a likely bonus candidate. The company's last bonus was declared in 1978 in the ratio of 1:3. Discerning long term investors have been accumulating the scrip from the level of Rs.65 traded at the time of the merger to Rs.80 (May 1990). Currently, the share quotes at Rs.120 (during the boom) and another 25 per cent appreciation is expected as of other power company shares,

Varun Shipping

Varun Shipping of the Dilip Khatau group has shown improved results for the year ended March 1990 and has recommended a dividend of 25 per cent. The company has an ideal mix of vessels in different ranges. The company's freight income has shown a rise of 23 per cent on an annualised basis at Rs.27.44 crore. After making provision for taxation and depreciation, the profit after tax has witnessed an impressive rise of 165 per cent (annualised basis) at Rs.4.53 crore accounting for an EPS of Rs.5.13.

After the depression which hit the shipping industry in the mid eighties there has indeed been a remarkable turnaround in the fortunes of these companies in the last two years and most companies are out of the red. One reason for Varun Shipping's good performance was the decision to dispose off three of the company's ageing ships in the preceding year. Presently, the company operates the youngest fleet (average age seven years) valued today at around Rs.110 crore against an adjusted book value of Rs.65 crore.

Besides adding two more offshore supply vessels (OSV) to its fleet, the company has recently drawn up expansion plans envisaging an investment of Rs.200 crore. To part finance this expansion the company is planning to tap the capital market with a rights-cum public issue of equity shares and debentures. The expansion comprises of adding 9-12 more vessels, depending upon the price combinations. The acquisitions will be either in the range of liquid cargo, dry bulk cargo or OSVs.

IN BRIEF

Kirloskar Leasing & Finance has declared a 20 per cent dividend for 31 March 1990. It has also received CCI's permission for a rights equity issue at par, in the ratio of 1:1.

Jagson International, a Rs.200 crore indigenous offshore drilling company, has signed a joint venture agreement with BPB Instruments for electrologging and perforation. BPB Instruments will have a 40 per cent equity participation in the venture. Jagson has also entered into a technical collaboration with a Dutch company, Petrolog, for technology in mud-engineering.

SOL Pharmaceuticals turnover has touched the Rs.20 crore mark. With this improved figure, the dividend is up three points on an annualised basis at 20 per cent. In February 1990, the company acquired a bulk drug unit at Bidar, Karnataka. With this acquisition 80 per cent of the basic drugs requirement of the formulations division is being captively met.

Standard Organics has made a major breakthrough in exports and has been awarded the Chemexicil award. The company's target for export in the current year is Rs.10 crore.

Hind Rectifiers has returned to the dividend list with a 25 per cent dividend, to be paid on an enhanced capital, resulting from the rights issue.

STOCKMARKET REVIEW

Spectacular and almost unprecedented

(For the period 16 July to 28 July 1990)
BSE National Index on 28 July = 530.87 up from 477.28 (+ 11.2 per cent).
BSE Sensitive Index on 28 July = 1033.15, up from 920.24 (+ 12.3 per cent).
BSE Daily Turnover Average = Rs.129 crore (-10 per cent)

All major indexes reached record highs during the fortnight following a series of sustained daily rises in market prices. The popular BSE Sensitive Index crossed 1,000 for the first time. The fall in turnover was primarily due to trading restrictions on ACC, which earlier accounted for an average volume of Rs.50 crore per day but fell to Rs.2.2 crore during the fortnight. The undertone at the close of the fortnight was extremely bullish, with most scrips rising above their official closing levels in kerb trading right through the fortnight. Several scrips were simply not available for sale, including even those highly capitalised like Tata Locomotive.

The market's performance was uniformly described as spectacular. Several described it as unprecedented. In fact, it was not the highest ever percentage rise in the Sensitive Index's history. That record belongs to the boom of 1988: the highest ever fortnightly rise then was recorded for the fortnight ended 3 June 1988 when the index rose by 14.7 per cent from 439.42 to 618.85.

Second highest. But it was the second highest rise, and in terms of change in market capitalisation considerably more significant in real terms than the boom of 1988. The stockmarket is estimated to have added Rs.20,000 crore in value during July; a considerable amount of that has undoubtedly been in the form of realised capital gains, a fact that the taxmen must be appreciating.

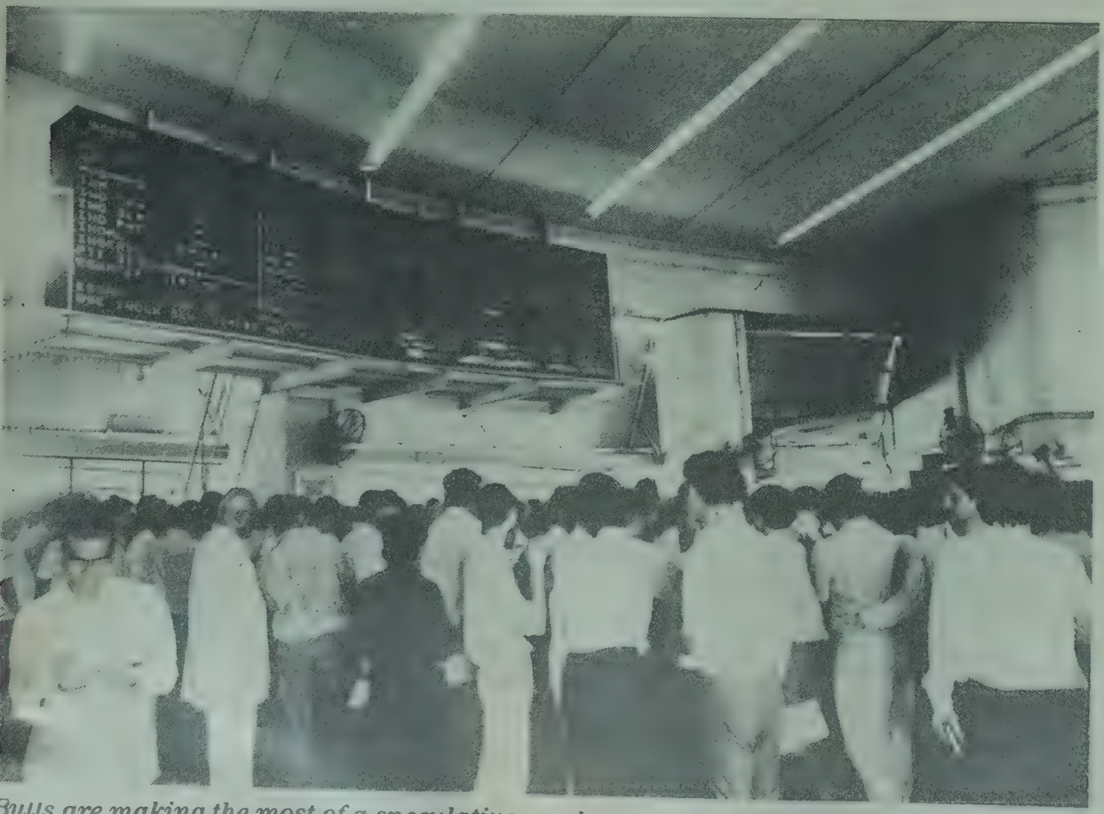
The pattern of increase in stock prices continued the broad-based trend of recent times, thereby showing that it was a favourable perception of the overall economy that was influencing stock prices. This was good news for those arguing that the market was still the same. Of the 80 scrips that make up the forward list in Bombay, 19 scrips failed to rise by more than 5 per cent (compared with the market's rise of over 12 per cent) and two highly speculative scrips, Baroda Rayon and Gujarat State Fertiliser, fell.

The impact of corporate results' announcements was significantly less during the fortnight since most of the larger companies have already declared their results. One of the major companies to declare its audited results during the fortnight was Reliance Industries. Interestingly, the company's audited net profit declared on 27 July was Rs.90.50 crore which was Rs.9.30 crore more than that shown in its unaudited results declared on 3 July.

Deadline crossed. There is often a discrepancy between audited and unaudited results, but this arises because unaudited results need to be announced within two months of the year end, whereas the process of auditing takes time and the audited results need be announced within six months of the year end. In the case of Reliance, however, the company had already long crossed its two-month deadline, and by 3 July the audit must have been nearly complete. Since the interval between the two announcements was a mere 23 days, the figures should not have changed as significantly as they did. In any case, the market was pleased with the extra 60 paise in earnings per share that this meant. Even though the company's dividend at 30 per cent was below the expected 40 per cent, the scrip rose to Rs.120 over the fortnight, up from Rs.98.50.

Cotton textiles take shape

Company	Price on		Percentage
	1 March	30 July	change
Gokak	96.00	155.00	61.5
Hind.Spg.	930.00	2,200.00	136.6
Khatau	120.00	375.00	212.5
Mafat.Fine	230.00	400.00	73.9
Mafat.Ind.	385.00	700.00	81.8
Nahar Spg.	250.00	350.00	40.0
BSE Index	692.59	1,033.15	49.2



Bulls are making the most of a speculative market

The other important companies to declare their results over the fortnight included Mukand, which showed a stagnation in profits. The scrip, however, rose to Rs.152 from Rs.141 on the expectation of a steel price hike. Tata Power declared a quadrupling of its earnings to Rs.200 per share, while the earnings of Gujarat Ambuja Cements more than trebled to Rs.7.25 per share. Tata Power rose from Rs.810 to Rs.1,010 in moderate trading, while Gujarat Ambuja Cements rose equally impressively from Rs.63.50 to Rs.75 (Rs.82 in kerb after the results were announced) in heavy trading.

Hapless bears. The bulk of speculative activity over the fortnight was concentrated on Tata Tea and Telco, while towards the end of the fortnight, the focus shifted to Tisco, Grasim and Indian Rayon. In most cases, the bullish party consisted of Bombay brokers, while Calcutta provided the hapless bears. In the cash group, good results helped propel the prices of Indian Dyestuffs, Punjab Tractors and Siyaram Silk. Tyre shares, which had risen sharply the previous fortnight, attracted reduced interest with MRF falling from Rs.335 to Rs.300. Cotton textile mills have performed well and their share prices have risen sharply since March on good performance (*see table*).

The market's spectacular rise in spite of continued political uncertainty is difficult to ascribe solely to the good monsoon or to good corporate performance in 1989-90. Tea companies, for example, are unlikely to do better this year than in 1989, yet tea company shares, including those of Tata Tea and Tea Estates, are booming. Among steel companies, Tata Steel has reported that production was marginally down in the first quarter of 1990-91 owing to power problems and Mukand reported stagnant results for 1989-90 (as did Tata Steel), yet steel company shares are booming.

On the plus side, the money market is currently slack as it always is at this time of the year. But that will change from October. The markets, currently flush with domestic and international funds, are obviously betting on liberalisation to provide high rates of corporate growth over the long term. This is a joint bet on the continuance of the present government's policies, their successsful implementation and the enterprise of the private sector. Unlike many bets, this one has fairly long odds.

RAFIQ DOSSANI

FIRST LEASING COMPANY

Error proves costly

The unaudited six-monthly results of First Leasing Company of India (FLCI) published on 16 July in all newspapers were gratifying. They showed increased sales of Rs.15.73 crore, up from Rs.10.39 crore during the corresponding period in 1988-89. Gross profits, before depreciation and interest charges, were Rs.15.73 crore. With interest charges accounting for Rs.3.31 crore, profit before depreciation was Rs. 12.42 crore.

Lower in reality. About a week later, Farouk Irani, managing director of First Leasing, declared that the interest charges were, "inadvertently taken at Rs. 3.31 crore when they should have been Rs.5.83 crore. The profit before depreciation should therefore be correspondingly lower at Rs.9.9 crore, as compared to the earlier figure of Rs. 12.42 crore. The provision for depreciation is Rs.6.59 crore. This means that the residual profit is Rs.3.31 crore, against the earlier advertised profit of Rs.5.82 crore".

"But", says Irani, "not a single director of the company or anyone with any controlling interest sold any of their shares. We could have kept quite and nobody would have been any wiser. But we blew the whistle on ourselves"

The nature of the error being quite serious, many eyebrows have been raised and there has also been talk of possible insider trading. The First Leasing scrip quoted at Rs.29.50 on 12 July, shot up to Rs.40 when the six-monthly results were published. Says a broker, "We cannot understand how a company of First Leasing's reputation made this kind of a mistake". In reply, Irani explains, "What happened was very unfortunate. But it is a bona fide error. While computing the data, our office only took interest paid into consideration and disregarded interest accrued but not payable immediately. Though we have exercised internal controls, the mistake occurred."

There is, however, another viewpoint to this. There are those who allege that a mistake was deliberately made to boost share prices. "But," says Irani, "not a single director of the company or anyone with any controlling interest has sold any of their shares. We could have kept quiet and in the absence of the balance sheet nobody would have been any wiser. But we blew the whistle on ourselves."

Explanation demanded. The Madras Stock Exchange (MSE) which suspended trading of First Leasing shares on 25 July has demanded an explanation from the company. Says V.K. Padmanabhan, president of the MSE, "This error has proved very costly and has resulted in considerable inconvenience to many investors. But, I do appreciate First Leasing's immediate clarification. Considering the position the company enjoys in the market it is, in all probability, a genuine mistake committed by them. But, at the same time, very unfortunate. I feel that such problems stem from publication of unaudited results which do more harm than good as unwarranted discrepancies creep in."

For his part Irani says that, in the future, six monthly results of the company will be sent to the auditors. Meanwhile, he is ready to face any enquiry by the MSE on his bona fides.

SUSHILA RAVINDRANATH

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NDD

Raymond Synthetics

Raymond Synthetics Ltd (RSL) is a new company being promoted by Raymond Woollen Mills (RWM) with an equity participation of Rs.3 crore from their Japanese collaborator, Toray. RWM is a well diversified company with three manufacturing divisions——worsted suitings and woollen products; engineers' files, rasps and twist drills and cement.

RSL will be manufacturing a range of speciality PFY yarns such as high count, trilobal, thick and thin, cationic dyeable, bi-shrinkage and yox. PFY will be produced through the batch polymerisation-chip spinning route. This method has been found suitable for Indian market conditions as it allows greater flexibility in raw material usage and also product mix.The collaborators will supply all the critical items of plant and machinery. This constitutes almost 50 per cent of the total cost of the plant and machinery.

The market for PFY in India is widening as the yarn finds increasing applications in the manufacture of sarees, dress materials and fashion fabrics. As indigenous supplies are insufficient, the country still imports PFY. In 1988-89 the total import of PFY was pegged in the region of 7,500 mt. As per the estimates made by the committee for perspective planning of the petrochemical industry, demand for PFY by 1995 is expected to be around 2,00,000 mt.

In the second phase RSL plans to expand its capacity by another 10,000 mt for which it holds a licence. The civil construction of the main factory building is expected to be completed by November 199 and commercial production will commence by the second quarter of 1991.

Raymond Synthetics

Issue opens	: 20 August 1990
Size of issue	: Rs. 105.90 crore
To Indian public	: Rs.50.90 crore
Instrument	: 14 per cent non-convertible debentures of Rs.100 each and equity shares of Rs.10 each
Promoters	: Raymond Woollen Mills Ltd
Collaborators	: Toray Industries Inc, Japan
Project	: To manufacture 15,000 tonnes of polyester filament yarn (PFY)
Project cost	: Rs.183 crore
Plant location	: Tehsil Karchana, UP
Listing	: Indore, Ahmedabad, Bombay, Calcutta, Delhi

CDR Healthcare

This Hyderabad-based company, operating from June this year includes an insurance division, a multi-speciality hospita and an agency for x-ray films. It will go public this fortnight, offering 1,600,000 shares of Rs.10 each at par.

"We are different from previous corporate hospital companies because our project costs are the lowest," says Dr.C. Dayakar Reddy, an anaesthesiologist-turned-medical businessman, and the chief promoter of the company. The project cost of CDR's 150-bed hospital in Hyderabad, is Rs.11.77 crore, as against Rs.30 crore normally spent on similar projects. Despite a low outlay, the hospital is equipped with some of the latest hi-tech gadgets — facilities like CT scan, and lithotripsy (apparatus which tackles kidney stones without surgery) which can be some of the biggest money spinners.

However, the company's insurance division has tied-up with the General Insurance Corporation. This arrangement is indicative of deferring payments. Moreover, Dr. Dayakar Reddy gives the impression that a large number of his patients are likely to be mediclaim policy holders. This questions his profit realisations in the future. On the positive side, the company will soon diversify into the manufacture of medical equipment — a good source of profits.

The long term prospects of this scrip are therefore good though it may not appreciate rapidly on the stockmarket.

CDR Healthcare

Project cost	: Rs.11.77 crore
Mode of finance	: Promoters equity: Rs.2.30 crore; Term loans from FIs: Rs.4.24 crore
Foreign currency loan	: Rs.2.15 crore
Promoter	: C. Dayakar Reddy
Location of the project	: Hyderabad
Equity offered to public	: 16,00,000 shares of Rs.10 each at par
Date of opening	: 20 August 1990
Date of closing	: 23 August 1990

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AD-INDIA

STOCKMARKETS

Company	Year	Equity	Re-	Book	Price	52 weeks		EPS in Rs		PE	Divi-	Yield	Bonus	
Face value	Ended	Rs Cr	serves Rs Cr	value Rs	27.7.90	High	Low	Year	Half-yr	Times	dend %	%	Year	Ratio
A.P.SCOOTERS,10	07/87	9.94	-13.25	-3.33	6.00	6.00	2.00	-4.8			11.0	18.3		
ACC,100	03/90	55.95	90.70	262.11	930.00	930.00	237.00	31.7	15.6	29.3	15.0	1.6	86	1:5
AHM ELECTRIC,100	03/89	19.81	67.58	441.14	350.00	380.00	210.00	27.7	11.8	12.6	16.0	4.6	87	1:5
ALFA LAVAL,10	03/89	7.82	21.57	37.58	160.00	160.00	70.00	8.0	4.1	20.0	25.0	1.6	89	1:2
AMAL RASAYAN,10	03/90	1.48	5.21	45.20	52.50	88.75	42.00	0.5		105.0		3.8		
AMB SARABHAI,10	03/90	22.20	-1.10	9.50	15.00	22.25	14.00	0.3		50.0			82	1:5
AMFORGE,10	03/90	5.33	11.32	31.24	90.00	115.00	75.00	11.3	5.0	8.0	25.0	2.8		
ANDHRA CEMENT,10	03/89	18.78	-2.70	8.56	18.00	18.00	7.75	-15.4				11.8	67	1:2
ANDHRA VALLEY,100	03/89	10.51	49.73	573.17	775.00	800.00	310.00	126.5	109.4	6.1	16.0	2.3	75	1:9
ANDREW YULE,10	03/87	9.41	22.81	34.24	62.00	77.50	41.50	2.2		28.2	10.0	1.6	67	2:5
ANNAPURNA FOILS,10	03/89	9.05	0.00	10.00	15.00	15.00	6.50	-2.9	-3.2					
APOLLO HOSP,10	06/88	5.22	1.33	12.55	15.00	18.00	11.00	3.2	1.2	4.7	15.0	10.0		
APOLLO TYRES,10	10/89	8.40	14.19	26.89	72.00	136.50	41.50	18.3		3.9	25.0	3.5		
APPLE IND.,10	03/89	5.19	0.81	11.56	42.00	42.00	16.00	3.1	3.1	13.5	36.0	8.3		
ASEA BROWN,10	03/89	5.28	8.25	25.62	120.00	120.00	47.50	5.9	3.5	20.3	21.0	1.8		
ASHOK LEYLAND,10	03/90	31.72	100.64	41.73	95.00	98.50	62.50	5.8	3.6	16.4	31.5	3.3	78	1:2
ASIAN CABLES,10	03/89	5.59	7.32	23.00	35.00	50.50	28.00	5.8	2.4	6.0	12.0	3.4	81	1:3
ASIAN HOTELS,10	03/90	15.05	12.21	18.11	63.75	64.00	52.00	7.4	4.3	8.8	25.0	3.9		
ASIAN PAINTS,10	03/90	12.44	58.50	55.42	280.00	280.00	190.00	15.3	9.1	17.0	45.0	1.7	87	1:2
ASSAM CO,10	03/89	14.00	26.02	28.59	130.00	147.50	70.00	8.4	7.2	15.5	40.0	3.1	89	1:1
ASSAM FRONTIER,10	03/90	3.00	10.53	45.10	225.00	247.50	160.00	29.0	9.0	7.8	50.0	2.2		
ASTRA IDL,10	03/89	2.50	2.97	21.88	47.50	72.00	40.00	4.9	2.5	9.7	10.0	2.1		
ATLAS COPCO,10	03/89	7.28	7.95	20.95	49.00	51.00	33.00	0.8	-1.9	61.2	10.0	2.0	87	1:2
ATLAS CYCLE,10	03/89	1.15	13.93	131.13	90.00	110.00	70.00	12.8	2.4	7.0	15.0	1.7	87	1:2
AVERY INDIA,10	03/89	4.20	9.34	32.24	120.00	130.50	106.00	7.7		15.6	35.0	2.9	84	2:5
BAJAJ AUTO,10	03/90	18.61	261.22	148.87	565.00	565.00	301.25	34.6	19.5	16.3	110.0	1.9	87	1:1
BAJAJ PLASTIC,10	03/89	1.50	4.94	42.93	55.00	55.00	23.00	-10.9	-3.4				86	1:1
BAJAJ TEMPO,10	03/90	6.80	42.10	73.79	171.25	180.00	117.50	11.5	8.4	14.9	20.0	1.2	86	1:1
BAKELITE HYLAM,10	03/90	4.50	20.04	54.53	42.50	59.00	31.00	3.0		14.2	18.0	4.2	80	2:3
BALLARPUR,10	03/89	20.97	27.11	22.93	200.00	200.00	115.00	7.4	7.8	27.0	18.0	0.9	89	1:2
BARODA RAYON,100	03/90	17.97	51.56	386.87	1100.00	1117.50	515.00	132.5		8.3	25.0	2.3	90	1:2
BASF,10	03/90	4.26	12.32	38.92	200.00	200.00	115.00	12.7		15.7	25.0	1.2	88	1:2
BATA INDIA,10	12/89	10.50	17.18	26.36	78.00	82.00	60.00	5.4		14.1	15.0	2.0	87	1:1
BATLIBOI,10	03/89	2.79	3.93	24.09	42.50	44.00	15.25	5.4		7.9	15.0	3.5		
BAYER INDIA,100	03/90	16.22	17.65	208.82	850.00	880.00	710.00	32.8	9.4	25.9	20.0	2.4	87	1:1
BEST & CROM,10	03/89	7.10	17.80	35.07	47.50	57.50	28.50	1.6	-0.9	29.7	10.0	2.1	82	3:5
BHADRA PAPER,10	03/90	10.57	28.95	37.39	120.00	123.75	73.75	4.3	1.1	27.9	32.5	2.7		
BHARAT FORGE,10	03/90	14.24	20.80	24.61	120.00	120.00	72.50	4.1		29.3	30.0	2.5	88	1:1
BHARAT GEARS,10	01/89	4.03	5.50	23.65	44.00	51.00	20.00	-2.4	0.1			6.2		
BIHAR ALLOY,10	03/90	8.20	-10.01	-2.21	24.00	51.50	22.00	-2.1		13.1				
BIMETAL,10	03/89	3.82	9.00	33.58	104.00	104.00	75.00	7.5	4.8	13.9	27.5	2.6	89	1:1
BINDAL AGRO,10	12/88	14.85	8.50	15.72	50.00	125.00	37.50	5.1	4.6	9.8	50.0	10.0		
BIRLA JUTE,10	03/90	20.37	84.17	51.32	115.00	115.00	45.50	2.3		50.0	18.0	1.8	86	1:1
BIRLA YAMAHA,10	02/89	8.00	0.17	10.21	15.00	16.00	7.50	-4.8	-3.4					
BLOW PLAST,10	07/89	2.00	3.73	28.65	72.50	72.50	30.00	1.6		45.3	15.0	2.1	87	1:1
BLUE STAR,10	03/90	3.55	15.61	53.97	125.00	125.00	62.50	13.3	1.4	9.4	20.0	1.6	86	3:5
BOM BURMAH,100	03/90	5.52	19.47	452.72	890.00	890.00	430.00	88.2	38.9	10.1	30.0	3.4	78	1:4
BOM DYEING,10	03/90	11.24	86.18	86.45	258.00	258.00	117.00	19.6	8.9	13.2	40.0	1.6	90	1:1
BOM SUBURBAN,10	03/90	6.80	78.22	128.52	57.50	60.00	30.25	18.2	11.2	3.2	20.0	3.5	89	1:1
BOOTS,10	03/89	8.10	9.33	21.52	110.00	136.50	95.00	5.5	2.8	20.0	22.0	2.0	87	1:1
BOROSIL GLASS,10	03/90	2.24	8.71	46.86	55.00	74.00	53.00	5.9		9.3	25.0	4.5	82	1:2
BRITANNIA,10	03/90	18.57	33.30	27.93	133.75	133.75	82.70	5.3	2.7	25.2	24.0	1.8	89	1:2
BROOKE BOND,10	12/89	44.15	39.77	19.01	135.00	135.00	78.00	6.2		21.8	30.0	2.2	89	4:5
BURROUGHS,10	02/89	6.00	15.82	36.37	80.00	100.00	67.50	6.0	1.4	13.3	45.0	5.6	89	1:1
C.E.S.C.,10	03/90	16.94	86.30	60.94	55.00	55.00	29.50	7.9	2.9	7.0	20.0	3.6		
C.P.TOOLS,100	03/89	4.57	9.61	310.28	420.00	420.00	280.00	15.2	-5.6	27.6	15.0	3.6	77	1:3
CABLE CORP,10	03/90	9.00	26.23	39.14	82.50	90.00	61.00	11.0	3.4	7.5	28.0	3.4		
CADBURY,10	03/90	8.40	14.40	27.14	180.00	180.00	104.00	6.3	2.0	28.6	35.0	1.9	87	1:1
CALICO MILLS,125	06/89	13.58	-5.69	72.55	83.00	83.00	40.00	2.3		36.1			77	1:7
CARRIER AIRCON,10	03/89	10.42	-3.50	6.64	20.00	27.50	18.00	-2.8	-0.9					
CEAT TYRES,10	06/89	14.76	104.60	80.87	120.00	165.00	80.00	15.2	6.3	7.9	30.0	2.5	86	1:2
CEMINDIA,10	03/90	1.28	8.57	76.95	95.00	121.75	79.00	7.0	2.8	13.6	30.0	3.2	84	3:5
CENTURY ENKA,100	03/90	16.61	228.21	1461.89	4300.00	4300.00	2700.00	196.7		21.9	62.5	1.5	86	2:5
CENTURY SPIN,100	03/90	26.82	248.83	1034.75	3975.00	3975.00	1920.00	203.0		19.6	50.0	1.3	86	2:3
CHAMPAGNE,10	03/89	3.00	-1.46	5.13	19.00	20.00	13.00	-3.2						
CHLORIDE,10	03/90	20.65	16.51	18.00	105.00	105.00	80.00	6.7	4.2	15.7	31.5	3.0	86	3:5
CIFCO FINANCE,10	03/89	4.78	0.40	10.84	12.50	12.50	7.50	2.1	0.9	6.0	11.0	8.8		
CITURGIA,10	03/90	3.36	8.34	34.67	100.00	112.50	87.50	8.8		11.4	35.0	3.5		
COLGATE,10	12/89	31.44	25.32	18.05	277.00	277.00	150.62	8.0		34.6	42.5	1.5	89	1:1
COLOUR CHEM,100	03/90	7.94	13.86	275.82	700.00	740.00	450.00	30.0		23.3	22.0	3.1	80	2:5
COMET STEEL,10	03/90	9.85	4.49	14.85	18.00	25.00	17.75	4.1		4.4	17.0	9.4		
COROM FERT,10	09/89	24.32	24.79	20.19	50.00	51.00	21.00	-2.9	1.5			2.6	86	1:2
COSMO FILMS,10	03/89	2.39	7.45	41.17	36.00	42.00	23.00	-8.5	-2.6		18.0	5.0		
CROMPT GREA,100	03/90	19.20	74.09	465.89	1100.00	1100.00	630.00	80.9		13.6	18.0	1.6	89	1:1
CYANAMID,10	03/89	5.25	10.26	29.54	100.00	120.00	74.00	4.2	3.1	23.8	20.0	2.0		
DCM TOYOTA,10	03/90	15.00	-12.98	1.38	36.00	36.00	10.50	4.3	3.2	8.4				

Company	Year	Equity	Re-	Book	Price	52 weeks		EPS in Rs		PE	Divi-	Yield	Bonus	
Face value	Ended	Rs Cr	serves Rs Cr	value Rs	27.7.90	High	Low	Year	Half-yr	Times	dend %	%	Year	Ratio
DCM,10	03/89	23.02	28.19	22.25	56.00	63.00	45.00	2.1	-2.2	26.2			71	4:5
DEEPAK FERT,10	03/89	36.66	11.32	13.09	33.50	35.00	26.50	1.9	1.5	17.6	18.0	5.4		
DEEPAK NITR,10	03/90	2.43	9.23	47.98	110.00	110.00	63.00	14.3		7.7	30.0	2.7	86	1:2
DEMPO STEAM,100	06/86	2.00	-9.83	-391.50	5.00	6.50	5.00							
DHARAMSI,10	03/90	6.24	15.76	35.26	75.00	75.00	30.00	10.0		7.5	25.0	3.3	90	1:2
DR.REDDYS,10	03/90	2.08	1.36	16.54	59.00	70.00	48.00	3.1	1.6	19.0	25.0	4.2		
DUNCAN AGRO,100	03/89	3.05	18.23	697.70	910.00	910.00	183.43	28.9	82.6	31.5	15.0	1.6	89	1:2
DUNLOP,10	03/90	16.90	68.77	46.21	70.00	80.00	53.00	2.3		30.4	30.0	4.3	76	1:3
E. MERCK,10	12/89	5.94	6.65	21.20	78.75	90.00	28.00	5.2		15.1	25.0	3.2	86	3:5
E.I.HOTELS,10	03/90	23.84	47.57	29.95	62.50	67.00	56.50	4.5	0.5	13.9	22.0	3.5	84	2:5
EICHER MOTORS,10	03/90	9.98	-6.04	3.95	32.00	35.50	9.50	3.5	3.4	9.1		10.0		
EID PARRY,10	06/89	6.28	6.69	20.65	100.00	100.00	56.00	7.3		13.7	25.0	2.5		
ELECON ENG,10	03/90	5.65	27.25	58.23	70.00	85.00	54.00	1.8		38.9	12.0	1.7	87	3:5
ENFIELD,10	03/89	5.04	9.15	26.15	20.00	20.00	10.50	-10.4					86	1:1
ENGLISH ELECT,10	03/89	9.00	18.16	30.16	76.00	77.00	47.50	2.7	2.5	28.1	7.5	1.0	87	1:1
ESCORTS,10	03/90	33.90	114.78	43.86	112.00	112.00	65.00	6.6	3.2	17.0	28.0	2.5	87	3:5
ESKAYEF,10	03/90	7.50	26.57	45.43	158.75	165.00	111.25	10.4	4.5	15.3	30.0	1.9	86	1:2
ESSAR SHIPPING,10	06/89	46.14	44.05	19.56	44.50	44.50	20.00	2.9	4.6	15.3	30.0	6.7		
EXCEL,10	03/90	4.62	18.69	50.89	232.00	232.00	117.00	20.0		11.6	50.0	2.2	84	4:5
FAG PRECISION,100	03/90	3.36	6.71	359.23	97.50	98.75	46.50	13.8	6.3	7.1	18.0	18.5		
FERRO ALLOYS,100	03/89	6.42	24.78	394.30	70.00	132.50	62.50	197.6	143.3	0.4	20.0	28.6	80	1:2
FGP,10	03/90	4.89	7.34	25.01	58.75	62.00	45.00	5.3	2.2	11.1	22.0	3.7	87	1:2
FICOM ORGANIC,10	03/90	1.29	7.53	68.37	147.50	202.50	137.50	16.7	7.2	8.8	45.0	3.1	87	1:1
FINOLEX,10	03/90	3.24	38.26	128.15	265.00	332.50	202.50	28.1	15.6	9.4	50.0	1.9	58	4:5
FIRST LEASING,10	11/89	6.30	10.05	25.95	37.00	47.00	15.50	4.8		7.7	28.0	7.0	83	1:3
FLAKT INDIA,10	12/88	4.76	4.08	18.57	80.00	80.00	29.50	4.0	3.2	20.0	20.0	2.5	89	2:5
FORBES FORBES,10	03/90	4.25	20.54	58.33	67.50	67.50	46.25	5.5	2.5	12.3	15.0	2.2	82	2:5
FULFORD,10	03/90	0.80	3.54	54.25	465.00	465.00	230.00	14.4		32.3	22.0	0.5	90	1:1
G.E.SHIPPING,10	03/90	64.85	55.28	18.52	47.25	52.50	37.00	6.7	3.3	7.1	12.0	2.5	81	2:3
G.K.W.,10	03/90	24.06	41.04	27.06	37.00	37.00	16.00	6.0	0.5	6.2	15.0	4.1	83	1:3
G.T.C.INDUST,10	03/89	5.00	13.24	36.48	44.00	44.00	19.00	5.3	2.6	8.3	24.0	5.5	72	1:4
GABRIEL,10	03/90	2.64	5.63	31.33	63.75	67.50	42.50	6.6		9.7	18.0	2.8	78	3:5
GAMMON INDIA,10	03/89	2.16	13.46	72.31	130.00	135.00	80.00	5.8	4.2	22.4	18.0	1.4	82	2:5
GARDEN SILK,10	06/89	16.24	84.67	62.14	57.50	57.50	37.50	3.6	1.4	16.0	30.0	5.2		
GARWARE NYLON,10	12/88	9.72	14.92	25.36	56.00	67.00	40.00	2.7	2.0	20.4	20.0	3.6	83	1:2
GARWARE POLY,10	09/89	10.94	21.98	30.07	42.50	70.50	29.50	-6.4				4.1		
GARWARE SHIP,10	03/89	3.75	0.03	10.06	20.00	27.50	17.00	5.9	1.6	3.4	15.0	7.5		
GEN ELECTRIC,10	03/90	7.20	30.80	52.50	38.00	46.00	31.25	3.8		10.0	10.0	2.6	89	1:1
GENELEC,10	03/89	2.16	-4.39	-10.32	22.00	38.00	19.00	-47.1			14.7	6.7	84	1:1
GEORGE WILL,10	03/90	9.45	23.82	35.21	155.00	166.75	90.05	5.2		29.8	60.0	3.9	89	1:2
GERMAN REME,10	03/90	3.26	8.67	37.21	185.00	185.00	62.50	13.3		13.9	20.0	1.1	90	1:1
GLAXO,10	03/90	20.00	49.88	34.94	103.00	122.50	83.50	7.7	5.0	13.4	27.0	2.8	80	1:3
GODFREY PHILIPS,10	03/90	2.60	3.80	24.62	100.00	100.00	27.50	11.0	6.9	9.1	35.0	3.5	75	1:1
GOETZE,10	03/90	6.93	14.10	30.35	94.00	94.00	70.00	6.7	3.4	14.0	22.0	2.3	76	4:5
GOKAK PATEL,10	03/90	6.52	25.96	49.82	156.00	155.00	67.50	13.7	8.1	11.3	32.0	2.1	87	1:1
GOOD NEROLAC,10	03/89	3.24	5.06	25.68	92.50	92.50	47.50	2.5	1.8	37.0	22.0	2.4	78	5:7
GOODYEAR,10	12/89	7.48	31.95	52.71	100.00	107.50	80.00	13.1		7.6	40.0	4.0	90	1:1
GRAMOPHONE,10	03/89	4.37	11.43	36.16	15.00	15.00	8.50	-14.0						
GRASIM,10	03/90	60.20	168.10	37.92	171.50	171.50	101.00	9.2	4.8	18.6	30.0	1.7	88	3:4
GREAVE COTTON,100	03/90	9.86	30.96	41.40	75.00	75.00	61.00	6.8	2.1	11.4	18.0	2.4	88	1:2
GUJ ALKALIES,10	03/90	17.90	29.78	28.64	95.00	95.00	67.50	4.2	3.1	22.6	28.0	2.7	87	1:5
GUJ AMB CEM,10	06/89	19.99	5.58	12.79	75.00	75.00	14.50	1.9	2.5	39.5	12.0	1.6		
GUJ NARMADA,10	03/89	88.99	103.47	21.63	40.00	47.00	30.00	3.4	1.6	11.8	10.0	2.5		
GUJ STATE FERT,10	03/90	44.41	335.70	85.59	220.00	225.00	152.50	11.6	6.2	19.0	30.0	1.4	87	1:3
HARRISON,10	08/89	9.10	17.64	29.38	126.25	126.25	77.00	3.5	5.6	36.1	36.0	2.8	87	2:5
HERDILLIA CHEM,10	03/90	7.35	46.79	73.66	87.50	99.50	82.50	10.0	4.3	8.8	26.0	3.0	78	1:2
HERO HONDA,10	03/90	15.98	-2.76	8.27	39.00	39.00	16.00	-0.3	2.0					
HIND ALLOY,10	03/90	7.13	5.03	17.05	70.00	76.25	46.25	9.4	4.1	7.4	30.0	4.3		
HIND CIBA,100	03/90	17.71	40.07	328.26	1710.00	1710.00	780.00	92.7	39.5	18.4	30.0	1.8	80	1:2
HIND DEVELOP,10	03/89	29.74	92.56	41.12	80.00	135.00	72.00	3.2	2.4	25.0	25.0	3.1	86	1:1
HIND DORR-OLIVER,10	03/90	4.78	10.67	32.42	85.00	105.00	62.50	7.3		11.6	25.0	2.9	89	1:1
HIND FERODO,10	03/89	5.50	1.89	13.44	27.00	28.00	16.00	1.4		19.3	5.0	1.9	83	4:5
HIND LEVER,10	12/89	93.32	135.20	24.49	138.00	138.00	91.00	5.8		23.8	35.0	2.5	87	1:1
HIND MOTOR,10	03/90	26.35	44.92	27.05	51.50	51.50	21.00	0.8		64.4	7.5	1.5	86	1:1
HINDALCO,10	03/90	17.85	200.47	122.31	333.75	333.75	210.00	36.1	16.5	9.2	37.5	1.1	80	3:5
HMM,10	03/90	14.18	93.90	78.22	335.00	337.50	117.50	12.4	5.3	27.0	40.0	1.2	87	1:1
HOECHST,100	03/89	9.58	27.94	391.65	2850.00	2850.00	720.00	37.7	52.3	75.6	20.0	0.7	82	1:2
HOGANAS,10	03/90	1.15	0.29	12.52	85.00	110.00	49.00	4.0	1.4	21.2	15.0	1.8		
HOTEL LEELA,10	03/90	17.70	-2.09	6.82	16.50	17.00	13.00	0.1	0.5	165.0				
HOUSING DEV FIN,100	03/89	19.98	44.56	323.02	475.00	475.00	245.00	96.8	46.4	4.9	14.0	2.9		
HYD.ALLWYN,10	12/88	17.45	10.70	18.13	16.00	16.50	13.00	1.4	1.2	11.4	15.0	9.4		
I.O.L.,10	03/90	14.80	31.44	31.53	46.00	49.00	33.50	0.2		230.0	10.0	2.2	85	1:3
ICI,10	03/89	40.87	84.19	30.60	47.50	64.50	35.00	1.2	-3.9	39.6	22.5	4.7	78	1:3
ICIM,10	03/90	5.88	9.13	25.53	34.00	40.00	35.00	3.9		8.7				
INDIA CEMENT,10	03/90	4.90	48.98	109.96	70.00	70.00	15.00	9	7.0	11.9	15.0	2.1	88	2:5
INDIA GYPSUM,10	03/89	9.00	-2.47	7.28	13.00	16.00	9.00	-2.7	-1.3					

ompany e value	Year Ended	Equity Rs Cr	Reserves Rs Cr	Book value Rs	Price 27.7.90	52 weeks		EPS in Rs		PE Times	Dividend %	Yield %	Bonus	
						High	Low	Year	Half-yr				Year	Ratio
DIA POLYFIBRES,10	03/90	28.75	-2.73	9.08	10.00	10.00	4.50	-0.9	-2.3					
DIA STEAMSHIP,10	03/89	10.15	-66.15	-54.19	13.50	18.25	11.25	4.2	2.1	3.2			75	1:1
DIAN ALUM,10	03/90	41.50	49.09	21.83	165.00	168.50	120.00	14.1	7.0	11.7	25.0	1.5	77	2:5
DIAN DYESTUFF,100	03/90	9.41	38.71	511.37	560.00	560.00	165.00	44.4		12.6	14.0	2.5	80	1:4
DIAN HOTEL,10	03/90	14.79	51.27	44.67	93.00	94.00	82.50	7.8		11.9	25.0	2.7	88	1:2
DIAN ORGANIC,10	03/90	18.40	28.38	24.34	69.00	69.00	35.50	4.6		15.0	15.0	2.2	85	1:2
DIAN RAYON,10	08/89	25.40	190.83	85.13	139.50	139.50	77.00	3.9	3.8	36.8	28.0	2.0	80	1:4
DIAN SEAMLESS,10	03/90	3.86	2.36	18.11	102.50	119.99	85.00	4.7		21.8	25.0	2.4	89	3:4
DOGULF FERT,10	03/89	164.81	0.00	10.00	24.00	24.50	13.00	-0.7	-0.2					
DROL,10	03/90	6.16	29.12	57.27	288.75	291.25	172.50	9.8		27.4	27.0	1.0	86	1:1
DU NISSAN,10	03/89	14.00	1.21	10.88	14.50	12.00	11.25	0.7	0.5	20.7	15.0	10.3		
GERSOLL,10	03/90	15.78	34.25	31.70	265.00	265.00	190.00	9.1	5.3	29.1	25.0	0.9	89	1:1
N EXCHANGE,10	03/89	3.50	7.20	30.57	57.50	90.00	52.50	4.8	0.7	12.5	13.0	2.3	88	4:5
TATA,10	03/89	12.00	-15.79	-3.18	25.00	34.00	18.50	-4.4	1.4					
C,10	03/90	66.34	152.27	32.95	100.00	100.00	51.00	7.9		12.7	37.5	3.8	89	1:1
.CHEMICAL,10	03/90	3.00	6.02	30.07	83.75	83.75	27.00	12.7	8.3	6.6	21.0	2.5		
.INDUSTRIES,10	06/89	14.04	15.51	21.05	77.50	112.50	49.00	13.4		5.8	25.0	3.2	87	1:1
.SYNTHETIC,10	03/89	38.51	129.12	43.53	78.00	83.00	51.00	4.8	1.2	15.8	22.0	2.9	83	1:3
YANT VITAMIN,10	06/89	3.87	5.11	23.20	32.50	45.00	26.00	8.0		4.1	25.0	7.7	87	2:5
LYANI BRAKES,10	03/89	3.90	-4.84	-2.41	52.50	52.50	29.00	3.0	2.1	17.5				
LYANI STEEL,10	03/90	2.38	11.41	58.35	570.00	570.00	220.00	19.7	7.2	28.9	75.0	1.3	90	1:1
LVINATOR,10	08/89	3.56	25.46	81.77	108.75	108.75	74.38	18.2	9.7	6.0	24.0	2.2	89	1:1
SORAM,10	03/90	11.46	53.78	56.93	80.00	82.50	39.00	2.3		34.8	10.0	1.2	79	1:2
ODAY DIST,10	12/88	9.00	6.88	19.87	32.50	51.25	25.00	4.7	2.8	6.9	20.0	6.2		
NETIC ENGG,10	03/90	2.88	19.47	77.80	127.00	177.50	185.00	12.3	6.5	10.3	30.0	2.4	89	1:1
NETIC HONDA,10	03/89	9.90	3.34	13.34	71.00	71.00	24.00	1.4	0.7	50.7				
RL CUMMINS,10	03/89	28.40	41.95	25.89	90.00	90.00	59.00	2.7	2.0	33.3	11.2	1.2	86	1:1
RL PNEUMATIC,10	03/89	3.85	11.28	39.30	50.00	72.50	40.00	10.8	1.2	4.6	22.5	4.5		
RLOSKAR OIL,10	03/90	5.75	13.16	32.89	46.00	46.00	29.00	5.2		8.8	16.0	3.5	78	3:7
OCKNER WIND,10	03/90	4.50	12.31	37.38	240.00	240.00	117.50	13.1		18.3	24.0	1.0	90	1:1
B PUMPS,10	03/90	8.70	12.25	24.08	210.00	227.50	180.00	7.3	4.6	28.8	20.0	1.0	89	1:1
KME,10	03/90	3.15	7.31	33.21	167.50	167.50	69.17	5.8	4.8	29.9	28.0	1.7	89	1:2
RSEN TOUBRO,10	03/90	66.09	321.18	57.17	110.00	117.50	59.00	6.3	3.2	17.5	25.0	2.3	86	3:5
PTON,10	12/89	15.75	22.14	24.08	93.75	109.00	65.00	6.6		14.2	22.0	2.3		
OYD STEEL,10	03/90	5.07	4.92	19.70	60.00	127.50	53.75	7.2		8.3	25.0	4.2	89	1:2
L,10	03/89	21.42	9.07	14.23	29.62	29.62	16.25	0.3	0.6	98.7			80	4:5
ACNEIL MAGOR,10	06/88	2.74	41.38	161.02	100.00	105.00	58.00	2.3		43.5	7.0	0.7		
ADRAS CEMENT,100	03/90	3.02	18.65	717.56	1975.00	1975.00	400.00	22.5	73.8	87.8				
ADURA COATS,10	03/89	21.98	92.32	52.04	150.00	150.00	97.00	6.9	2.4	21.7	25.0	1.7	88	1:2
AFATLAL FINE,100	03/90	14.48	18.90	230.52	400.00	400.00	200.00	-33.1	6.6	47.1		3.1	80	1:3
AFATLAL IND,100	03/90	13.45	51.38	482.01	700.00	700.00	220.00	22.7	19.1	30.8	22.0	3.1	78	1:5
AHIN & MAHIN,10	03/90	19.26	113.23	88.79	100.00	103.00	72.50	8.3		12.0	25.0	2.5	84	2:3
AHINDRA NISSAN	03/89	16.70	0.15	10.09	20.00	20.00	8.00	-2.2	-2.5					
AHINDRA UGINE,10	03/90	11.50	26.98	33.46	55.00	87.50	56.00	4.1		13.4	20.0	3.6	88	1:2
ANGALAM CEM,10	03/90	7.11	11.04	25.53	48.75	48.75	19.50	1.1	1.0	44.3	22.5	4.6		
ANGALORE CHEM,10	03/89	19.97	0.17	10.09	23.50	24.50	16.00	-18.3	-9.8			4.3		
ASTERSHARE,10	06/89	225.00	280.60	22.47	28.00	28.00	15.25	8.3		3.1	18.0	6.9		
ATHER PLATT,10	03/90	23.04	9.15	13.97	34.00	60.00	31.00	1.8		18.9	22.0	6.5	87	3:5
AX INDIA,10	03/90	2.79	6.17	32.11	70.00	87.00	67.50	5.5	2.0	12.7	30.0	4.3		
AZDA INDUST,10	11/89	4.32	2.64	16.11	9.00	12.50	7.50	-0.7				14.1		
CDOWELL,10	03/89	7.66	25.89	43.71	80.00	108.25	70.00	14.7	4.8	5.4	20.0	2.5	86	1:1
CLEOD RUSSEL,10	03/90	6.25	22.38	45.81	98.00	115.00	65.62	13.9		7.1	60.0	6.1	89	3:5
ETAL BOX,10	03/89	14.88	-12.54	1.46	9.50	9.50	6.00	-12.6	-4.4				87	1:2
LES INDIA,10	03/90	1.28	2.08	28.25	106.00	130.00	82.50	4.4	1.4	23.9	20.0	1.9	89	1:1
LKFOOD,10	03/89	1.14	4.49	49.39	180.00	312.50	130.00	13.4	-25.1	13.4	30.0	1.7	87	1:1
ODI INDUSTRIES,10	03/89	3.30	23.65	81.67	23.00	30.00	17.00	-52.6	-1.6			3.2	69	1:5
ODI RUBBER,10	03/89	10.36	52.50	80.58	85.00	98.00	47.00	14.2	-2.8	6.0	25.0	2.9	84	2:5
ODI XEROX,10	03/89	19.46	6.50	13.34	68.00	72.00	54.00	2.4	0.5	28.3	11.0	1.6		
OTOR INDUST,100	12/89	38.05	67.85	278.32	990.00	1100.00	580.00	38.4	19.4	25.8	14.0	1.4	86	1:1
RF,10	03/90	3.86	55.04	152.59	300.00	395.00	185.00	32.4	19.2	9.3	60.0	2.0	75	1:2
UKAND IRON,10	03/90	14.74	92.80	72.82	152.00	153.00	123.00	11.4	6.2	13.3	30.0	2.0	88	1:2
YSORE CEMENT,10	06/87	18.22	22.61	22.41	32.00	32.00	11.00	1.1	1.2	29.1	17.5	5.5	85	2:5
AGAR FINANCE,10	03/89	2.44	3.78	25.41	15.00	24.00	12.50	5.4	3.2	2.8	35.0	23.3		
ATION PEROXIDE,100	03/89	2.39	9.02	492.17	800.00	1175.00	675.00	-48.6	-17.8		6.0	0.8		
ATIONAL RADIO,100	03/90	6.98	3.75	153.72	700.00	700.00	180.00	14.0		50.0				
ESTLE,10	12/89	38.62	5.70	11.58	138.75	138.75	89.29	3.9		35.6	30.0	2.2	89	3:5
RLON,10	03/89	15.78	-23.74	-5.08	18.00	20.50	8.50	-22.0	-9.1				82	1:2
OCIL,100	03/90	38.00	109.85	405.14	1560.00	1580.00	930.00	117.3	55.5	13.2	40.0	2.6	86	1:2
RISSA CEMENT,10	03/89	5.40	31.50	68.33	60.00	60.00	32.00	-14.3	0.5		20.0	3.3	87	1:1
RKAY,10	03/90	66.29	51.85	17.79	28.00	28.00	13.50	0.2		140.0		17.5		
SWAL AGRO,10	08/89	98.72	81.67	18.44	41.00	90.00	32.00	2.8	2.1	14.6	50.0	12.2	87	3:5
SWAL FURANE,10	12/88	18.00	0.00	10.00	24.00	48.00	21.50	0.3		80.0				
TIS ELEVATORS,10	03/90	5.37	17.71	42.98	200.00	280.00	175.00	7.5	3.5	26.7	25.0	1.2	85	1:1
ARKE DAVIS,10	03/90	7.53	4.08	15.12	120.00	133.25	67.00	3.7		32.4	35.0	2.9	90	3:5
EICO,10	03/90	33.32	40.09	22.03	48.00	48.00	18.50	2.0		24.0	10.0	2.1	82	1:5
FIZER,10	06/90	11.72	16.91	24.43	91.25	107.50	58.00	2.3		39.7	20.0	2.2	77	4:5

Company Face value	Year Ended	Equity Rs Cr	Reserves Rs Cr	Book value Rs	Price 27.7.90	52 weeks		EPS in Rs		PE Times	Dividend %	Yield %	Bonus	
						High	Low	Year	Half-yr				Year	Ratio
POLYCHEM,10	03/90	6.00	11.90	29.83	92.50	92.50	57.00	11.5	6.8	8.0	25.0	2.7	89	2:3
POLYOLEFINS,100	03/90	19.30	58.49	392.69	1250.00	1485.00	1050.00	94.0	49.2	13.3	35.0	2.8	88	1:2
PONDS,10	12/89	6.66	18.78	38.11	187.50	187.50	102.55	9.1		20.6	37.5	2.0	90	1:2
PREMIER AUTO,10	06/89	22.75	112.28	59.35	76.50	76.50	48.50	6.4	1.8	12.0	45.0	5.9	88	1:1
PROCTER & GAM,10	06/89	6.66	11.66	27.49	240.00	240.00	175.00	9.4	5.3	25.5	30.0	1.2	88	4:5
PSI DATA,10	03/89	6.50	-5.27	1.89	13.00	17.00	10.75	-13.1				11.0		
RALLIS,10	03/89	9.52	33.44	45.13	90.00	130.00	65.00	8.7	3.1	10.3	25.0	2.8	77	3:1
RANBAXY,10	03/90	8.95	18.22	28.12	97.50	105.00	75.00	8.4	5.0	11.6	27.5	2.8	88	2:5
RAYMONDS,10	03/90	22.47	80.46	45.81	95.00	95.00	65.00	8.1	2.0	11.7	20.0	2.1	87	1:1
RECKITT COLMAN,10	12/89	8.40	22.44	38.71	247.50	247.50	172.50	9.5	4.8	28.1	40.0	1.6	88	1:1
REGENCY CERAMIC,10	03/89	5.61	0.25	10.45	17.00	22.50	14.00	0.9	0.7	18.9				
RELIANCE PETRO	03/89	86.47	0.48	10.06	33.00	33.00	20.50	0.6		55.0	18.0	5.5		
RELIANCE,10	03/90	152.11	958.12	72.99	120.00	120.00	51.50	5.9		20.3	30.0	2.5	83	3:5
REMINGTON,10	03/90	2.87	4.34	26.25	40.00	75.00	35.00	3.3	1.8	12.1	20.0	5.0	86	1:2
REVATHI C.P,10	03/90	1.80	4.29	38.81	100.00	100.00	67.00	5.8		17.2	20.0	2.0	87	1:1
RHONE-POULENC,10	03/90	4.50	14.22	41.60	82.50	93.75	63.75	9.8		8.4	15.0	1.8		
ROCHE PRODUCTS,10	12/88	4.81	6.23	22.95	63.75	89.00	27.00	3.3	1.9	19.3	15.0	2.4	80	1:3
ROSS MURARKA,10	12/88	4.64	3.29	17.09	16.00	24.00	12.50	3.1	1.5	5.2	18.0	11.2		
S.I.VISCOSE,100	03/89	11.03	21.19	292.11	1780.00	1780.00	750.00	116.9	81.4	15.1	36.0	2.0	87	1:2
SAMTEL INDIA,10	03/90	3.57	8.07	32.61	32.50	77.50	23.50	-8.4	-2.7	3.5		7.8	89	1:3
SANDOZ,10	12/89	5.30	24.88	56.57	145.00	177.50	98.50	11.2		12.9	18.0	1.2	90	1:2
SANDVIK ASIA,100	12/89	5.78	7.54	230.45	800.00	800.00	610.00	43.9		18.2	25.0	3.1	84	1:1
SCINDIA,20	06/88	18.95	-40.86	-23.12	10.00	16.00	6.75	-23.8					77	2:5
SEARLE,10	03/90	7.82	10.93	23.98	127.50	147.50	92.50	5.3		24.1	20.0	1.8	88	1:2
SESA GOA,10	03/90	5.15	12.25	33.79	112.00	112.00	36.00	6.7	9.5	16.7	18.0	1.6	88	2:5
SHAW WALLACE,10	03/90	12.00	37.90	41.58	102.00	118.00	69.00	12.7	6.4	8.0	42.5	4.2	87	1:1
SHRIRAM FIBRES,10	09/89	10.33	22.69	31.97	60.00	82.50	42.50	4.2		14.3	18.0	3.0	82	1:2
SIEMENS,10	03/90	20.77	61.17	39.45	128.00	128.00	86.00	4.4		29.1	30.0	2.3	88	1:4
SILTAP CHEMICAL,10	03/89	1.80	-0.76	5.78	67.50	67.50	42.50	-8.5	-3.4					
SIPTA COATED,10	03/90	17.59	12.40	17.05	18.00	30.00	14.00	1.4		12.9	15.0	8.3		
SKF BEARINGS,100	03/90	24.70	52.45	312.35	1825.00	1825.00	1140.00	84.0		21.7	15.0	0.8	89	1:1
SOUTHERN PETRO,10	03/89	34.00	274.92	90.86	71.00	71.00	43.00	3.3	1.3	21.5	20.0	2.8	86	1:1
SPARTEK,10	03/89	4.56	5.91	22.96	72.50	81.25	60.00	6.2	3.8	11.7	25.0	3.4	89	3:5
SPECIAL STEEL,10	03/90	11.39	14.36	22.61	165.00	165.00	91.25	10.4	5.2	15.9	25.0	1.5	89	1:2
STANDARD IND,10	03/90	11.06	36.78	43.25	78.00	87.50	32.00	1.2	1.7	65.0	20.0	2.6	82	2:5
STANDARD MOTOR,10	03/88	4.37	3.96	19.11	14.00	14.00	8.00	-18.1				15.8	85	1:1
STRAW PRODUCTS,10	03/90	10.14	73.61	82.59	125.00	125.00	74.00	7.2	4.5	17.4	20.0	1.8	72	1:2
SU-RAJ DIAMOND,10	03/90	7.06	9.72	22.69	51.50	79.00	48.50	14.2	9.4	3.6	25.0	4.9		
SUND CLAYTON,10	05/89	9.48	23.99	35.31	45.00	73.00	42.00	4.9	1.1	9.2	25.0	5.6	87	2:3
SUND FASTENERS,10	03/90	5.10	13.30	36.08	95.00	95.00	69.00	9.3	4.6	10.2	27.5	2.9	88	3:5
SUND FINANCE,10	03/90	6.00	23.62	49.37	103.00	103.00	80.00	15.3		6.7	30.0	2.9	90	1:1
SUPREME INDUST,10	06/89	2.27	13.47	69.34	300.00	300.00	190.00	14.4	9.7	20.8	45.0	1.5	87	1:1
SWAD POLYTEX,10	03/90	3.90	11.77	40.18	49.00	54.00	30.50	4.6	1.3	10.7	17.5	3.6		
SYNTH & CHEM,10	03/90	11.42	9.75	18.54	55.00	80.00	50.00	4.3	0.9	12.8	25.0	4.5		
TATA CHEMICALS,10	03/90	49.17	208.92	52.49	152.50	152.50	115.00	8.3	3.3	18.4	31.0	2.0	89	1:2
TATA LOCO,10	03/90	103.67	378.70	46.53	189.00	189.00	96.50	9.9	9.0	19.1	30.0	1.6	82	2:5
TATA OIL,25	03/90	8.11	25.19	102.65	180.00	180.00	68.25	16.5		10.9	20.0	2.8	90	1:5
TATA POWER,100	03/90	21.22	76.04	458.34	1010.00	1010.00	330.00	56.9	60.8	17.8	20.0	2.0	75	1:5
TATA PRESS,10	03/90	1.57	5.62	45.80	70.00	72.50	48.50	-3.8		10.9	10.0	1.4		
TATA STEEL,10	03/90	229.43	1103.11	58.08	150.00	150.00	103.25	6.5	2.9	23.1	30.0	2.0	88	2:5
TATA TEA,10	03/90	17.10	109.99	74.32	290.00	290.00	158.00	24.3	12.1	11.9	60.0	2.1	88	3:5
TATA UNISYS,10	03/90	4.38	8.78	30.00	135.00	135.00	67.50	11.8		11.4	30.0	2.2	87	2:5
TEXMACO,10	03/90	1.87	11.06	69.14	54.00	68.00	33.00	-67.0						
TINPLATE,10	03/90	10.14	12.16	21.99	40.00	40.00	27.50	2.5		16.0	15.0	3.8		
TUBE INVESTMENT,10	03/90	6.71	28.62	52.65	71.25	73.75	61.00	6.7	3.1	10.6	24.0	3.4	85	1:3
TUTICO ALKALIES,10	03/89	12.94	-2.83	7.97	15.00	19.00	11.00	0.9	-0.8	16.7		44.4		
TVS SUZUKI,10	03/89	23.10	-5.50	7.62	17.50	17.50	11.00	1.3		13.5				
TWENT.CENT,10	03/90	8.88	12.44	24.01	34.00	37.50	21.00	4.5		7.6	22.0	6.5	88	2:5
U.B.LTD.,10	06/88	4.00	9.53	33.82	70.00	76.25	37.00	7.1		9.9	20.0	2.9	86	1:1
UNION CARBIDE,10	03/89	32.58	38.04	21.68	30.50	38.00	19.75	1.4		21.8		5.3	80	1:2
UNIT PHOSPHORUS,10	12/87	2.80	2.66	19.50	50.00	76.25	37.00	0.4	-1.1	125.0	10.0	2.0		
UPCOM CABLES,10	03/89	5.92	1.66	13.18	26.00	53.00	17.50	4.3	-0.8	6.0	20.0	7.7		
VAM ORGANIC,10	03/90	5.16	20.35	49.44	162.50	170.50	120.00	15.7	8.7	10.4	35.0	2.2		
VIDEOCON INT,10	03/90	4.23	6.91	26.34	227.50	271.25	95.00	66.2	49.7	3.4	40.0	1.8		
VINDHYA TELE,10	03/90	3.90	20.90	63.59	100.00	130.00	77.50	8.0		12.5	22.5	2.2		
VOLTAS,100	03/90	19.85	61.96	412.24	114.00	114.00	55.70	9.2	5.8	12.4	24.0	21.1	89	1:2
VST INDUSTRIES,10	03/90	9.65	18.71	27.32	60.00	60.00	27.00	6.1	2.8	9.8	30.0	5.0	89	3:5
WALCHAND,100	09/88	3.00	2.46	182.00	25.00	27.50	16.00	2.0		12.5			82	1:2
WARREN TEA,10	03/90	3.90	11.49	39.46	130.00	130.00	47.50	20.9	4.0	6.2	50.0	3.8	89	1:1
WIMCO,10	03/89	13.58	5.34	13.93	31.50	31.50	15.50	-9.7	-2.8				70	1:5
Z F STEERING,10	03/89	2.25	1.02	14.53	60.00	67.50	43.00	2.6	1.1	23.1	10.0	1.7		
ZENITH,10	12/88	9.15	17.20	28.80	51.00	61.00	38.00	5.2	3.1	9.8	30.0	5.9	87	1:4
ZUARI,10	03/89	12.43	57.00	55.93	75.00	77.00	56.00	4.8	-2.3	15.6	35.0	4.7		

Note: EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half year: after tax earnings per shares for six months taking into account announced half yearly profits. PE: ratio of market price to after tax per share. Yield: dividend as a percentage of market price.

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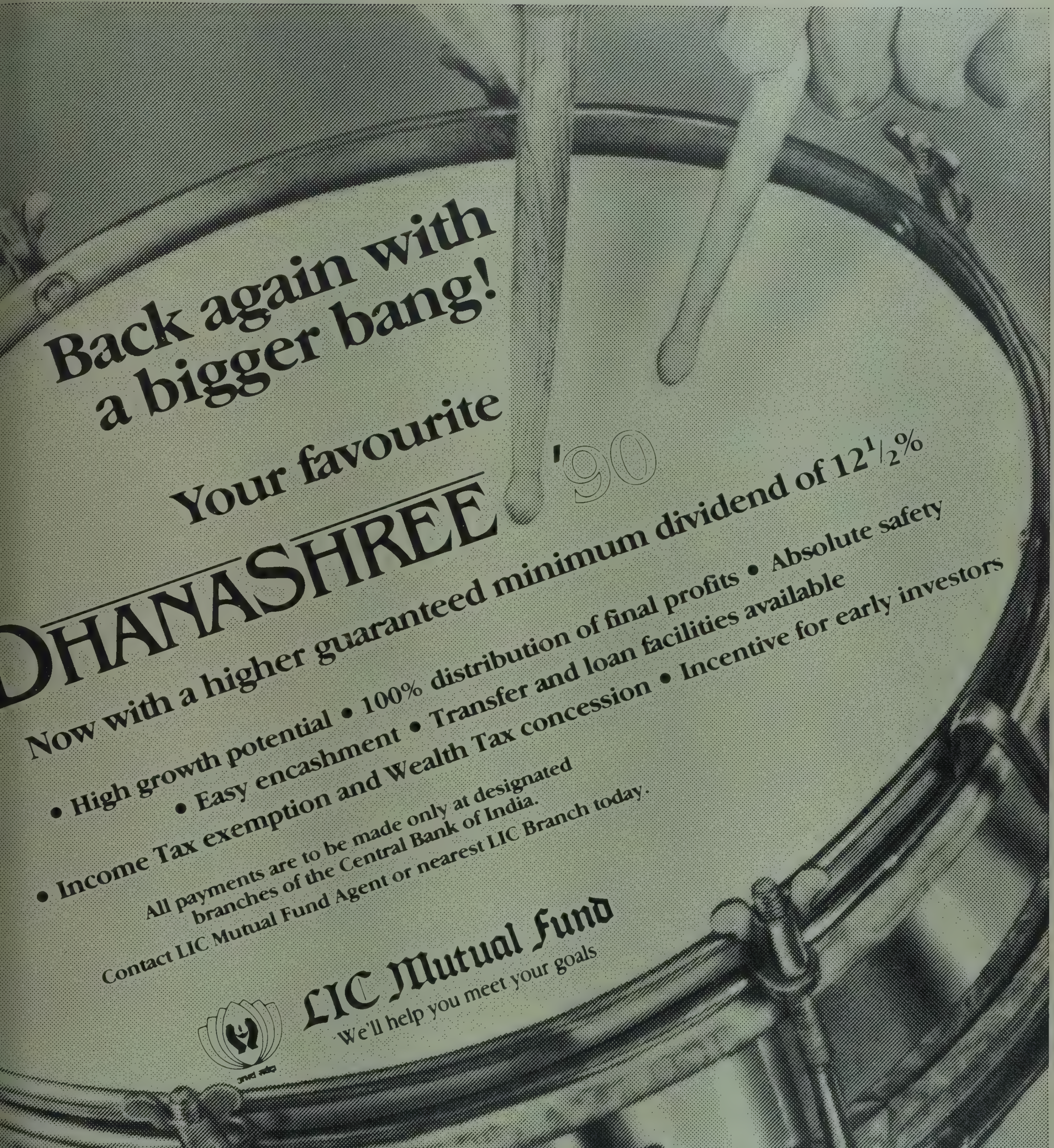
DEBENTURES

Company	Face Value	Market lot	Type	Rate %	Size Rs lacs	Price Rs	Date	Yield %	Interest due date	Redemption date	B clos
ASEA	100	10	NCD	13.5	252.0	85.00	04/06/90	15.88	30.6,31.12	17/9/93	22/12
ASHOK LEY.A	64	5	NCD	13.5	521.0	55.00	16/03/90	15.71	31.3,30.9	3/4/96	16/09
ASHOK LEY.B	64	5	NCD	13.5	1043.0	52.50	11/05/90	16.46	31.3,30.9	3/4/96	16/09,
ASHOK LEY.C	100	5	NCD	15.0	815.0	55.00	16/03/90	27.27	31.3,30.9	3/4/91	16/9
ATASH IND	75	10	CD	15.0	300.0	61.00	22/05/90	18.44	31.1,31.7	17/3/94	21/7,
BATLIBOI	100	25	NCD	15.0	510.0	93.00	19/07/90	16.13	30.4,31.10	11/4/93	3/1
BIRLA JUTE	200	5	NCD	13.5	999.0	170.00	19/02/90	15.88	30.9,31.3	7/2/96	13/9/
BLUE BLEND	200	10	NCD	13.5	625.0	162.50	18/01/90	16.62	31.1,30.6*	4/11/96	14/12/
CONT. CONST.	100	10	NCD	15.0	1750.0	80.00	17/07/90	18.75	1.1,1.7	4/10/95	27/12/
DR REDDY'S	100	10	CD	15.0	163.0	92.00	16/07/90	16.30	30.6,31.12	4/6/96	15/12/
DUNLOP	150	5	NCD	13.5	120.0	135.00	05/12/89	15.00	15.7,15.1	30/6/89	01/07/
E.I.HOTELS	50	10	NCD	13.5	1566.0	43.00	11/06/90	15.70	10.4,10.10	10/4/94	21/09/
ELECON ENG	45	5	NCD	13.5	247.0	40.00	05/12/89	15.19	30.6,31.12	12/3/94	18/12/
ESSAR SHIP	75	10	NCD	13.5	100.0	70.00	17/07/90	14.46	31.3,30.9	15/4/94	15/6/
F.G.P.	100	5	NCD	13.5	168.0	90.00	11/05/90	15.00	31.3,30.9	19/11/92	13/9/
FERRO ALLOY	190	2	NCD	13.5	750.0	170.00	01/12/89	15.09	30.6,31.12	30/6/91	01/12/
FORBES	100	10	NCD	13.5	600.0	92.00	19/07/90	14.67	1.4,1.10	2/4/94	10/9/
GARDEN SILK	100	10	NCD	12.5	300.0	76.50	18/07/90	16.34	31.3,30.9	31/3/97	09/09/
GRASIM IND	120	5	NCD	13.5	100.0	110.00	11/07/90	14.73	31.3	30/6/97	15/03/
GUJ ALKALI	140	5	NCD	13.5	700.0	135.00	28/06/90	14.00	28.2,31.8	1/8/93	18/08/
HIND FERODO	100	5	CD	13.5	206.0	80.00	22/05/90	16.88	30.6,31.12	14/12/92	12/12/
HOECHST	100	5	NCD	15.0	383.0	100.00	07/06/90	15.00	1.5,1.11	14/9/91	17/10/
I.T.C.	500	1	NCD	15.0	500.0	510.00	12/07/90	14.71	1.7	30/6/90	16/05/
IND HOTEL	75	10	NCD	13.5	1123.0	70.00	12/05/90	14.46	1.4,1.10	26/4/92	16/09/
IND HOTEL	100	10	NCD	12.5	2708.0	85.00	25/06/90	14.71	15.6,15.12	14/6/94	10/05/
IND RAYON	80	5	NCD	12.0	801.0	51.25	09/01/90	18.73	30.6,31.12	6/4/93	18/12/
IND RAYON	112	5	NCD	13.5	1668.0	101.00	26/06/90	14.97	30.6	18/2/95	18/12/
J.K. SYNTH	120	4	NCD	13.5	1875.0	103.75	17/07/90	15.61	1.1,1.7	1/4/92	01/12/
JINDAL STR	100	10	NCD	15.0	600.0	93.75	19/07/90	16.00	30.6,31.12	14/4/94	20/12/
KALY STEEL	100	5	NCD	15.0	67.0	105.00	05/12/88	14.29	30.6,31.12	7/6/91	19/12/
KESORAM	90	5	NCD	13.5	1890.0	80.00	25/06/90	15.19	31.3,30.9	11/3/95	01/09/
KLOCK WIND	100	10	CD	13.5	138.0	87.50	16/07/90	15.43	31.3,30.9	30/6/93	28/02/
KOTH FOOD	80	10	CD	15.0	475.0	60.00	16/07/90	20.00	31.3,30.9	30/6/91	01/10/
L & T RTC	60	5	CD	13.5	360.0	55.00	18/01/90	14.73	1.1,1.7	30/6/90	16/06/
LAKME	75	10	NCD	13.5	202.3	70.00	28/06/90	14.46	30.6,31.12	9/4/94	01/12/
LML	115	5	CD	13.5	828.0	80.00	12/01/89	19.41	30.4	30/6/91	16/4/
LYKA LABS	100	10	NCD	15.0	240.0	86.50	17/07/90	17.34	30.6,31.12	30/6/93	15/12/
MAY & BAKER	100	5	NCD	15.0	300.0	100.00	12/05/90	15.00	1.4,1.10	9/9/94	11/12/
MAZDA IND	100	10	NCD	13.5	625.0	69.00	18/07/90	19.57	1.4,1.10	5/4/93	14/09/
MUKAND	125	5	NCD	13.5	437.0	115.00	22/06/90	14.67	1.1,1.7	30/6/88	12/12/
PRESTIG FOOD	100	10	NCD	13.5	25.0	70.00	12/07/90	19.29	31.12,30.6	30/6/92	15/12/8
RAYMOND WOOL	240	1	CD	12.0	480.0	270.00	01/02/90	10.67	31.3,30.9	30/6/89	26/09/8
RAYMOND WOOL	400	1	NCD	13.5	1920.0	415.00	13/07/90	13.01	31.10	30/10/92	26/09/8
REL F CUM	100	10	NCD	15.0	3000.0	190.00	20/07/90	7.89	28.2,30.9	30/9/95	25/01/9
RELIANCE E	100	5	NCD	13.5	5335.0	82.50	20/07/90	16.36	30.4	30/6/97	28/03/8
RELIANCE F	100	10	NCD	15.0	27000.0	101.00	20/07/90	14.85	20.2,31.8	30/9/95	25/01/9
REL.PETRO B	40	10	CD	12.5	1045.0	40.00	20/07/90	12.50	31.5,30.11		11/11/8
REL.PETROC	150	10	CD	12.5	3920.0	106.00	20/07/90	17.69	31.5,30.11	30/10/95	11/01/8
SANDOZ	100	10	NCD	13.5	69.0	92.50	06/04/90	14.59	30.6,31.12	24/4/95	15/12/8
STEELAGE	100	10	NCD	13.5	132.0	86.50	19/07/90	15.61	1.5,1.11	30/6/94	12/10/8
TATA PRESS	120	5	NCD	13.5	195.0	105.00	17/05/89	15.43	31.3,30.9	11/11/96	12/09/8
TATA STEEL	200	5	NCD	13.5	2011.0	195.00	16/07/90	13.85	1.4,1.10	1/3/92	11/09/8
TATA STEEL	600	5	NCD	12.0	25705.0	505.00	20/07/90	14.26	1.2		11/01/9
TATA UNISYS	100	10	CD	12.0	250.0	81.25	16/07/89	14.77	1.1,1.7	30/6/98	07/12/8
TITAN WATCH	200	10	NCD	13.5	1312.0	181.50	18/07/90	14.88	15.6,31.12	5/3/97	21/11/8
TRANSPORT CO	100	10	NCD	15.0	400.0	85.00	18/07/90	17.65	31.3,30.9	30/6/93	12/09/8
TTK PHARM	100	10	NCD	15.0	143.0	92.50	13/07/90	16.22	30.5,30.11	1/3/92	16/05/8
TWENT CENT	100	5	NCD	13.5	300.0	85.00	17/08/89	15.88	30.4,31.10	23/8/90	11/01/9
UNITECH	100	15	NCD	15.0	264.0	87.50	16/07/90	17.14	30.6,31.12	25/4/94	12/12/8
UNIV LUGGAGE	100	10	NCD	15.0	144.0	75.00	17/07/90	20.00	1.6,1.12	26/3/96	08/11/8
USHA MARTIN	100	5	NCD	13.5	934.0	82.50	17/07/90	16.36	31.3,30.9	29/10/95	01/09/8
V.I.P. IND	100	10	NCD	15.0	960.0	90.00	17/07/90	16.67	31.1,31.7	22/4/93	03/01/9
VARELI TEXT	100	10	NCD	15.0	862.0	80.00	02/02/90	18.75	31.3,30.9	30/6/93	09/09/8
VARUN SHIP	100	10	NCD	15.0	175.0	90.00	18/07/90	16.67	31.5,30.11	20/8/93	17/11/8
VOLTAS	300	1	NCD	15.0	900.0	280.00	02/03/90	16.07	28.2,31.8	1/3/91	01/06/8
VOLTAS	150	2	CD	13.5	300.0	137.50	18/10/89	14.73	30.6,31.12	30/6/91	01/06/8
W.I.ENTER	100	5	CD	15.0	615.0	92.00	10/07/90	16.30	1.10,1.4	12/6/95	16/09/8
ZENITH	90	10	NCD	13.5	480.0	80.00	07/03/90	15.19	1.5,1.11	20/7/92	20/09/8

Note: CD: convertible debenture; NCD: non-convertible debenture including debentures that were earlier partially convertible for which the conversion is over.
Debenture yield is calculated as a percentage of market price without adjusting interest due component. This can make a significant difference in actual return.
The fact that the debenture market is generally active can be surmised from the dates of last business done. Hence readers are advised to seek suitable professional advice before deciding.
All care is taken to ensure accurate and up-to-date information.



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SPEECH DELIVERED BY A.BASU, CHAIRMAN, VST INDUSTRIES LIMITED, AT THE 59TH ANNUAL GENERAL MEETING HELD ON JULY 20, 1990 AT HYDERABA

A REVIEW OF THE YEAR

Your Company has entered the Nineties with its income, net of excise duties, exceeding Rs.100 crores for the first time. This represents a growth of 43.6% over last year on an annualised basis. Your Company's products continue to flourish and indeed they have carved out a greater market share over the year. Pre-tax profits at a record figure of Rs.11.78 crores represent a 100% increase on an annualised basis and the proposed dividend distribution of 30%, on an increased share capital, also represents a substantial improvement over last year.

I trust many of you here took the opportunity to invest in the shares of Bhadrachalam Paperboards Limited, or BPL as it is commonly called. Your Company was a co-promoter of BPL – a major supplier of board to your Company – and it has proved to be one of the most successful companies in the paper industry. However, in pursuance of a Central Government directive for disinvestment, your Company devised a novel scheme, with all the necessary permissions, to sell its holdings to its members and employees. The price was independently assessed by two reputed firms of chartered accountants and was below the prevailing market price. Not only was speculation in the shares of BPL and your Company avoided, but it also ensured the desirable long term stability of the BPL management through wide dispersal of that company's shares. So far, 6.27 lakh BPL shares have been disinvested, virtually fulfilling the terms of the Central Government directive. A net consideration of Rs.4.39 crores has been received for these shares and the final disinvestment of the balance 8.73 lakh shares will take place at an opportune time.

Once again, our home state has been devastated by a cyclone, and as a responsible citizen, your Company has participated in the measures undertaken by the Government for the relief of the human misery and suffering in its wake. In the last twelve months, a new Government has been formed in the State and we welcome its pragmatic approach in the removal of Entry Tax in the State.

We have seen the old order changing smoothly and peacefully at the Centre also. On the whole, the Central Budget proposals have been welcomed by industry, despite the large budgetary deficit and the reluctance of the Government to tackle this grave problem. Amongst the other significant developments is the new Industrial Policy announced at the end of May, which should give further thrust to investment and growth. On the other hand, 'The Participation of Workers in Management Bill, 1990' which will be debated at the next session of Parliament, may well dilute this process and I will dwell on this later in my speech.

Momentous changes have been witnessed abroad. Besides the collapse of apartheid, there have been the counter-revolutionary changes in the Eastern European bloc, with the possibility of total reunification of Germany. There will be undoubtedly even greater strains on our foreign exchange situation as opportunities emerge elsewhere for investment and trade for the developed countries.

A less dramatic, but nevertheless, significant development is the concern for th environment and pollution, which recognise national boundaries. In fact, India has been named as the fifth most polluting nation in th world.

CHALLENGE AND RESPON QUALITY THROUGH PEOP

All these factors will have an impact on your Company's operations, some sooner, son later, some dramatic, some peripheral. Like many other organisations, your Company als approaches these challenges and changes through the planning process. **There is howe a significant difference. Your Company's be is that its goal of TOTAL QUALITY – Qualit every aspect of its operations and interacti with the outside world – can be achieved on through the enthusiastic participation and commitment of its people.** Your Company's planning process, therefore, has sought to combine planning and implementation throu the constitution of a Planning Group, consisti of a mix of middle and senior managers representing all functions. This Group not on draws up detailed plans and strategies, but builds into their normal operational responsibilities the monitoring and implementation of the Plan targets after thes have been approved by the Board of Directors

Experience has shown that this proces stimulates the development of managers and the composition of the Planning Group keeps changing, the base also becomes larger. Participation in the planning process also has the inherent virtue of getting the commitmen operational managers to the self-imposed an competitively demanding objectives for improvement in operational efficiencies. An additional bonus is that qualitatively, the Pla itself has improved since this process began t years ago.

It is also implicit in the process of implementation, that employees further dow the line get to appreciate the direction in whi your Company is progressing. Their involvem is sought not only through the recognised Uni but, where possible, also directly in such programmes as the modernisation of the Prin Manufacturing Department and the greening the factory environment, where models and plans are displayed in advance and suggested improvements are incorporated. This process was also followed for programmes on safety a work and product quality, with gratifying resu Again, in pursuit of this policy of involvement employees were invited to participate in the share disinvestment referred to earlier.

Your Company can take pride in the lon tradition of consultative processes it has buil with its recognised Union and I am therefore somewhat sceptical of the legislative approa being taken by the Government for worker participation in management, referred to ear in my speech. The Bill contemplates participation at three levels – Shop Floor Cou ablishment Councils and the Board of nagement. While one may debate the posed methods and processes for achieving rker participation, there can be no denying need for communication and review at erating levels, namely the shop floor and ablishment, and, managed correctly, such ncils could lead to greater efficiency, nmitment and satisfaction at work.

My scepticism arises at the proposal for ticipation at the level of the 'Board of nagement' of a company. Although it would pear to be the intention that the participation n relation to the industrial establishment or ablishments owned by it', the highest council ny organisation has necessarily to deliberate decide on matters relating to every aspect of business, including its future businesses, and ake care of the aspirations of all those who e a stake in a company, in one way or another.

The stakeholders in your Company are riad – consumers, shareholders, retailers, lers, farmers, suppliers, transporters, the nmunity, the State and Central Governments, ks, financial institutions, creditors, etc. ides, of course, the employees. Should each ment have a representative on the Board to eguard its interests? While employees do stitute a very vital stakeholder segment, is it essary to give representation at the very hest level to achieve the objectives of Article A of the Constitution? **It may be wise to sten slowly and start at the Shop Floor uncil level and evolve participation at the her levels in time, learning the pitfalls not y of participation but the very process of pointment of worker representatives either secret ballot or nomination by the ognised Union.**

The goal of total quality can be achieved only through the participation and commitment of people.

It is the collective duty of the Board of ectors to balance the pulls and pushes of the ferent stakeholders. Assuming the process of ction or nomination of a worker-director ntifies a wise individual with a broad outlook, will find it well-nigh impossible to reconcile collective responsibility as a member of the ard of Directors working in the best interests he Company and that of his role as a resentative of the employee stakeholder. In ctice, this dichotomy is found even in the ctioning of the 'nominee director', despite his ning, knowledge and experience of corporate nagement, as he falls victim to his 'watchdog' e.

It will be interesting to see the final shape that the Bill takes after debate in Parliament and the manner in which the Government gives effect to its provisions, not only in terms of the rules and schemes that will have to be framed, but also in respect of the timing of the application of its various provisions. Labour relations in India are, generally, somewhat delicate and tenuous and it is difficult to predict the forces that will be unleashed, which could adversely affect production and growth at a time when the country can least afford it.

QUALITY – THE ROAD AHEAD

Reverting again to the business of your Company, I am pleased to report that the thrust for Quality has been vigorously maintained on all fronts. The consumer is being given better value in terms of smoking satisfaction, plus better packaging. Freshness of stocks is being ensured where necessary through the opening of godowns at strategic locations, after careful study of cost to benefit.

Three years of relative shortage of sun-cured Natu Leaf, our principal raw material, was managed through careful inventory planning. Our Leaf Managers have found a more lasting solution, by developing a monsoon crop with excellent characteristics. This cash crop will benefit marginal farmers in the area, besides spreading your Company's inventory of leaf over the year.

Management Information Systems have reached a take-off stage. Your Company is in the process of trial runs on a latest generation mainframe computer, manufactured indigenously, the earlier hardware having outlived its useful life. Computerised systems now cover every aspect of operations, from computers in the leaf areas for quick payment to farmers by cheque, to reducing receivables from our main dealers. Totally integrated systems have been designed, with controls built in, so that your Company's books have been closed for the second year in succession within three weeks of the end of the financial year. Alas, this benefit has been neutralised by the statutory extension of the notice period from 21 to 42 days that has to be given from this year, for the closing of the register of members for the Annual General Meeting.

Further refinements are being made in the modernisation of the Primary Manufacturing Department, with on-line computer controls for better and consistent product quality. There has been a slight setback to the modernisation of the Secondary Department as a consequence of delay in the supply of equipment from indigenous sources. **Your Company has been successful in persuading the Government to issue an import licence for two high speed LOGA cigarette making machines, with filter attachments, the first of which will be installed later in the year. These will represent a quantum jump in technology and will make your factory the most modern in this part of the world.** It is then that the full benefits of the modern Primary Manufacturing Department will be realised. At present, tests are being conducted at the machine manufacturer's premises in France, on the runnability of indigenous raw materials and plans are ready for the training of the operatives and technicians.

EXPORTS

As I stated earlier, the export market is highly competitive, and becoming even more so. This is particularly true for a product like cigarettes, where tariff barriers are generally extremely high. Nevertheless, your Company can take pride in being India's largest exporter of cigarettes to hard currency markets. In addition to CHARMS KINGS which has created a niche for itself in the United Arab Emirates, your Company has recently launched KINGSTON MINI KINGS in the same area. All going well, cigarette exports should show an increase this year.

The LOGA machines will make your factory the most modern in this part of the world.

There is renewed interest today amongst overseas buyers in the varieties of Fire Cured, Light Soil Burley, Sun Cured Natu and other non-traditional varieties of tobacco developed by your Company and exports of unmanufactured tobacco, therefore should also improve this year.

Your Company has also taken steps to take up exports of non-traditional items, particularly those with an agricultural raw material base.

DIVERSIFICATION

Last year, the Chairman had stated that your Board was actively considering a possible diversification by your Company. **I am now pleased to advise that your Board has in principle decided to diversify in areas which are in line with national priorities and where your Company's strengths, including financial resources, would be fully utilised.** A short list of projects has been identified and a diversification cell has been set up to evaluate opportunities. Work is proceeding satisfactorily.

As you can see, the current year promises to be an exciting one and barring unforeseen circumstances, we can look forward to another good year.

This does not purport to be a report of the proceedings of the 59th Annual General Meeting.

VST Industries Limited
Azamabad, Hyderabad 500 020.

Enterprise/VST/1306 AR

Caught napping

Despite the news that Hoechst may not declare the long awaited bonus issue, the scrip turned out to be the star performer of our investor contest (IC 321). We would have had at least double the number of winners but most expected Telco to be the leader — and were caught napping. The winners of the contest are S.R. Kulkarni (Bombay), S. Ramachandran (Baroda), J. Savithri (Pune), B. Srinivasan (Coimbatore), V.G. Dhandapani and S. Aravind Kumar (both Madras) and N.B. Bhanwadia (56 APO)

Scrips	**Prices as on Monday 18 June 1990 (Rs.)**	**Prices as on Monday 16 July 1990 (Rs.)**	**Ranks**
Asian Paints	229.25	236.25	5
Bombay Dyeing	227.00	248.00	3
DCW	68.00	69.00	6
Hoechst	1765.00	2300.00	1
Telco	139.00	157.50	2
Warren Tea	103.75	107.50	4

Given below is a new list of six scrips, and their closing prices on 30 July 1990. Pick the share that you think will rise the most in percentage terms by 27 August 1990 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest, you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 27 August 1990. You don't have to tell us either the prices or even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

Rules:

1. There is no entry fee.

2. The price mentioned last in the official quotation list will be taken as correct for purposes of calculation. If the stock exchange remains closed on the stated last day, the closing price on the prior day will be used.

3. Entries must be on the printed form given below. Any other entries will be disqualified.

4. Only one entry will be permitted per form.

5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 23 August 1990.

6. **Business India**'s decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.

7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.

8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

✂

Name of scrip	**Prices as on Monday 30 July 1990 (Rs.)**	**Rank as on Monday 27 August 1990 (please fill in number)**
20th Century	34.00	
Asea Brown	140.00	
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B-AIR

Efficiency on the wing

For regular air travellers in the south; it may well seem that good things come in mall packages. United Breweries' air axi service — UB-AIR — is demonstrating to its large and notoriously apathetic enior, Indian Airlines, how short haul outes should be run.

From Madras, S. Adhimoolam, managing director, UCAL Fuel Systems Ltd, had o rush to Bangalore to meet suppliers nd visit their plants. There was no conveient Indian Airlines flight available. Unerturbed, he booked himself on the Madras-Bangalore (UB-202) UB-AIR ight the following morning.

Mike Shah, chief executive officer, Digial Equipment, wishing to use both his me and money optimally on a trip to Maras, chose the air taxi service. Says he, "Not only did I gain time by flying to Maras in the morning in time for a CEI meeting at 10 am, I also saved on the hoel expenses I would have incurred had I own on Indian Airlines the night efore".

T.C. Agarwal, service manager, Wartsila Diesels India Ltd., couldn't get a seat on n Indian Airlines Bombay-Mangalore ight. He sent an SOS to his Mangalore ounterpart, who despatched a UB-AIR cket to him in Delhi by courier. Agarwal went to Bangalore on Indian Airlines and ook the UB-AIR flight to Mangalore, just n time for an important meeting.

K.K. Rao, chairman of Kudremukh Iron Ore Company Ltd, had to fly on a day when Indian Airlines had no flight to Mangalore. "UB-AIR takes off on time and s services are fairly good", says Rao, "I nly hope it maintains its punctuality".

K.S. Oberoi, vice president (adminisration) of Titan watches, says, "I can reurn to Bangalore by evening on Indian Airlines if I take the UB-AIR flight to Maras in the morning. The fare is higher han IA but when the service is better and he flights are on time it is worth it".

UB-AIR uses the twin-engine 14-seater Dornier built by HAL, Kanpur. The flight rom Bangalore to Madras (UB 201) at 7 m is by far the most popular and is genrally full. The Dornier's route is circular: he aircraft takes off from Madras at 8.30 m to return to Bangalore at 9.30 am. It hen goes to Mangalore (another hour-long flight) to return to Bangalore at 1 pm. These services are available on Mondays, Wednesdays and Fridays. The Bangalore-Madras fare is Rs.720 (against IA's Rs.539) and Bangalore-Mangalore fare is Rs.870 (against IA's Rs.568).

Service in UB-AIR: warm and cheerful

Quicker check-ins

Compared to IA's tedious boarding procedure, check-in is just a half-hour before take-off. The Dornier can carry 90 kg of luggage near the cockpit and has space for another 140 kg in the aircraft's rear (there is no overhead storage in the cabin). Passengers are warmly greeted by young, cheerful hostesses. While the interior is comfortable, there are plans to introduce piped music and a PA system.

On board, UB-AIR serves chocolates, sandwiches, coffee, tea or soft drinks in tetrapaks. Passengers have access to local newspapers and the UB group's house journal — *Pegasus*. A stroke of innovative promotion is an offer of 20 per cent discounts on tariffs of selected hotels, which include Windsor Manor and Taj Residency in Bangalore, Chola Sheraton, Taj Coromandel and Connemara in Madras and Hotel Manjarun in Mangalore. At Bangalore, passengers are once again spared the tedious procedures associated with IA — UB-AIR has its own conveyer belt, buses from the terminal to the tarmac and a check-in counter.

The aircraft's crew, both service and command, appear professional realising that much of the initial image depends on them. The pilots (Capts. H. Soorma, K.S. Rajan and N. Chavda) have each logged an average of over 9,000 flying hours. Says Suneel Mehra, general manager of UB-AIR, "We want to maintain our aircraft well to pre-empt trouble during the services. This is why we fly on alternate days now. On other days we concentrate on maintaining the aircraft".

While NRI S.S. Gill's India International Airways Pvt Ltd, has confined itself to charter flights, Vijay Mallya's UB-AIR operates in the Bangalore-Madras and Mangalore-Madras sectors, both of which were inaugurated on 2 June. Even during the monsoon their flights have an occupancy of 70 per cent. Following the grounding of Indian Airlines Airbus 320s, UB-AIR was the only way to reach Mangalore by air. Also on 12 July, UB-AIR ran a special service to Madras in the evening when Indian Airlines staff went on strike.

UB-AIR has gained popularity sufficiently to be flooded with queries for charter flights. "Charter flights can start as soon as we get another Dornier. Our charges will be on par with Vayudoot," says Capt. Uday Gelli, in charge of UB-AIR's operations. He adds "We are also planning for next year's 'Visit India' festival when charter services will be of greater use".

Priorities high on UB-AIR's agenda are: expanding its capacity with another 19-seater aircraft, extending its services to Hyderabad and introducing an evening flight to Madras. Vijay Mallya's longer-term plan is to fly more aircraft on the trunk routes. For this, the company plans to acquire around ten 6-seater aircraft.

A small beginning, significant nevertheless has been made in the area of air taxi services. Corporate travellers, perhaps the most harassed of all passenger segments, can finally experience quick check-in procedures, punctual flights and an attentive crew.

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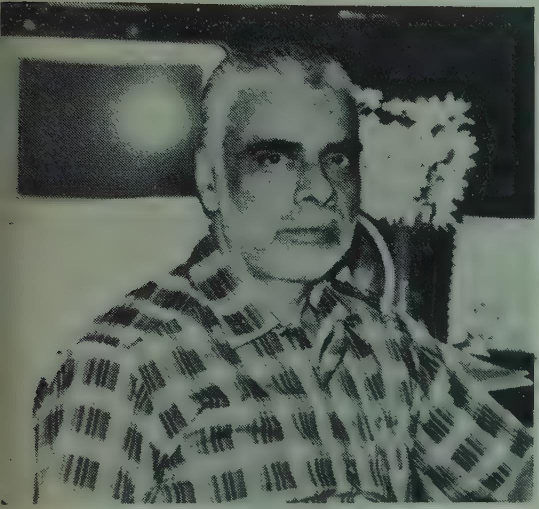
Looking for challenges



P.V.S. Namboodiripad, *54, is chairman and managing director, Hindustan Latex Ltd.*

While shooting baskets for the Jadavpur University basketball team, P.V.S. Namboodiripad could never have imagined he would end up with a strange epithet — the *numero uno* maker of condoms. As the CEO of Hindustan Latex (HL), the world's largest manufacturer of condoms, that's what Namboodiripad is today. His management skills have helped make HL one of the most profitable of the public sector companies.

Management, however, was not the immediate target for Namboodiripad. Having specialised in the design of chemical plants and worked on cost engineering for his PhD, Namboodiripad had first joined Standard Pharmaceuticals, Serampur as a senior chemical engineer. He soon shifted to Bombay for stints with bigger companies, including Century Rayon, Raptakos Brett and L&T. Of these he values the three years with L&T the most. "The freedom I got as a senior manager in charge of designing and commissioning the sulphuric acid plant helped develop my professional skills," he explains.

But domestic exigencies soon beckoned him home. In 1969, he signed up as works manager in Periyar Chemicals, Alwaye, in central Kerala, for a lower pay packet. But this monetary loss was made up by the experience in labour relations that Periyar Chemicals offered.

Professional stagnation. But at Periyar Chemicals, Namboodiripad felt technologically stifled. "I felt I was stagnating professionally there," he recalls. "For me the job was like breakfast only — with neither lunch nor dinner to follow." And so to quell this voracious appetite, Namboodiripad applied for the managing director's post at HL, in 1984. He topped the list of candidates and joined on 29 June.

For HL, Namboodiripad's tenure has been noteworthy. Profits rose steadily, as did plant capacity utilisation. Namboodiripad cut costs, saving up to Rs.2,000 per million condoms manufactured. He admits he took charge at the right time, when an excellent management team was at HL's helm and just prior to the expiry of the long-term labour settlement. Having negotiated four wage settlements at Periyar Chemicals, Namboodiripad could hammer through HL's first bilateral wage settlement.

The atmosphere at home had conditioned his outlook greatly, making him a conservative but brimming with feelings of equality and fraternity. And his experience in student politics, he feels, helped him enjoy a good equation with Kerala's labour. He was the first non-Bengali to be elected secretary of the Jadavpur University students union, thanks also to the surname he shares with the communist leader EMS. "That must have got me 15 per cent more votes," he laughs.

Namboodiripad says HL gave him the opportunity to put his ideas into practice. "It was like having read a lot of cookery books for recipes, yet the actual cooking was done in HL," he explains. As a student, Namboodiripad harboured idealistic notions about the public sector. Today, he is wiser. "In the public sector there is too much accountability and not enough authority. Yet this lack of freedom poses more challenges," he says.

Considerable experience. His early exposure to national companies was an asset. "Many Kerala managers lack self-confidence because they haven't worked outside Kerala. But my *Bharat darshan* has helped me face the Delhi bosses with more confidence," he says.

The academic bee is still buzzing in Namboodiripad's bonnet. He is now trying to bring out a chemical engineering quarterly with global contributions, targeted at US universities. He has another dream — to retire as a UN expert. Alternatively, he would like to re-enter the private sector.

■ K.G. KUMAR

FRONTRUNNERS

The progress was swift. **R. Venkatakrishnan**, 33, who joined the then Rs.40 crore Deepak Fertiliser as a project co-ordinator in 1987, was promoted to the post of an assistant manager, project co-ordination, three months ago. "It's a tremendous experience. When one is closely involved in projects of magnitude one is learning at every stage," says Venkatakrishnan.

A mechanical engineer from VJTI, Venkatakrishnan joined Mukand Steel Works in 1980 as a trainee handling the machine shop. He gave it up to do a post graduate course from IIM Bangalore. In 1984, he joined Maruti Udyog as an executive in the vendor development department heading the engine and trans-machine group. He resigned in 1987 when his post did not seem challenging any more.

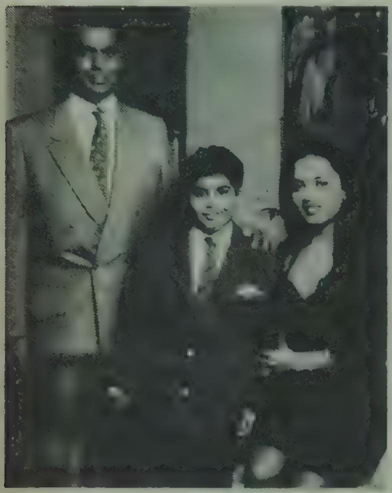
— M.H.

Way back in 1986 **Mohan Mahapatre** was one of the few professionals to join the fast growing ice-cream manufacturer, Vadilal Enterprise Ltd in Ahmedabad. Today, at 33 he is the general manager (marketing) of the Rs.46 crore company. A graduate in economics and history from St. Stephens College, Delhi he also has a master's degree in international studies from JNU.

In 1980, he joined International Trading, an export house, as an assistant executive to the managing director, but resigned since growth prospects were limited. In 1983, he joined Ceat Tyres as their product manager in the glass fibre division and, three years later, moved to Vadilal. Though satisfied with his present job, Mahapatre feels 'satisfaction' leads to stagnation. Nevertheless, "the increasingly competitive domestic market keeps me on my toes," he adds.

— M.H.

Her two-year stint as a British Airways stewardess, she is sure, will not be of any consequence for the project on hand. "This is purely business," says **Nina Pillai**about husband Rajan Pillai's proposed air charter company which she will head. To be based in Bombay, Britannia Aeroleasing Ltd (BAL), set up jointly with a Swiss company, will initially operate two Falcon and two Lear jets within the country.



"I have already received enquiries from travel agents like SITA, hotels like the Leela Kempenski and prominent business houses," claims the former Taj Mahal hotel receptionist.

The idea was born in April this year when the Pillais criss-crossed India for five days in a chartered Lear jet. The small 20 seater planes, which BAL is going in for, can touch down on even the smallest of runways — of immense help to company executives whose every minute counts. The nascent company has applied to the aviation ministry for the green light, but the budding manageress is confident of BAL taking to the skies soon. "Within three months optimistically and within four months pessimistically," she laughs.

From show biz to marketing blitz. That, in short, sums up the career span of ex-model, ex-beauty queen, ex-movie star, **Tina Munim** Insipid performances in insignificant films, a few disastrous affairs of the heart and the girl, who had everything going for her, soon found herself in the wilderness.

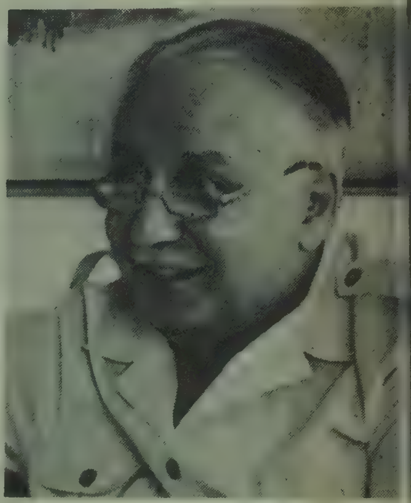
These days, she is keeping herself busy by handling the design and export functions at a leather garment company owned by one of her brothers-in-law (she has six of them). The product: leather garments for the Australian market. Munim, who once harboured ambitions of launching a line of high fashion garments named after her, might have just found her true calling after all.

Where do Rishi Valley student Varun Gandhi and tourists from Hyderabad head for when strolling along Bangalore's M.G.Road? The Impulse restaurant, to catch a glimpse of "Azhu". Azhu, of course, being **Mohammed Azharuddin** who recently floated the eatery in partnership with two Bangaloreans at a cost of Rs.20 lakh.

The fifth metropolis was chosen because of the increasing purchasing power of its citizenry. A wise move, it turned out, as the controlling company, Rezak Hotels Pvt Ltd, is raking in about Rs.8,000 every day, and India's cricket captain has plans of going into hoteliering in a big way.

ITC chairman **Jagdish Sapru**'s golfing talents are well known in Calcutta's club circles. And as a premier sponsor of sporting events, his company is known nation-wide. So it was not very surprising that he was one of the more active participants at the national level one-day conference organised by the department of sports at New Delhi to discuss the problems facing Indian sports.

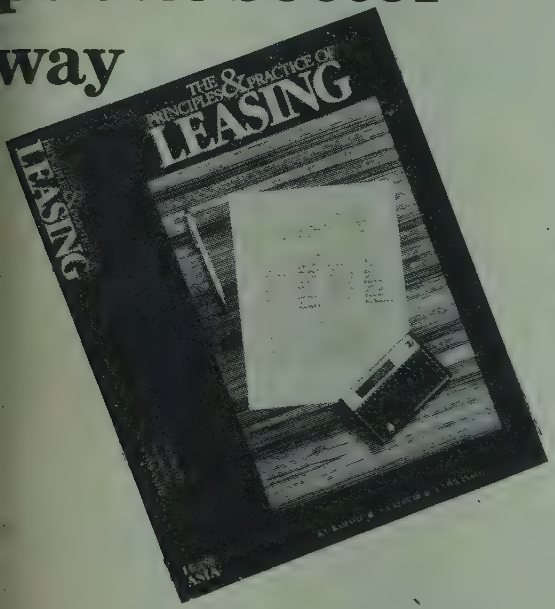
Sapru was more forthright than the government would have expected. "Do not expect charity from business houses be they private or public. Sports build character and charity has no role in building the national character," he said. This was in response to the sport department's call for commercial institutions to come forward and help sports reduce its dependence on the government. Would commercial houses at least get tax exemption in return for sponsoring sports, he wondered.



While some sales people try hard to meet their targets, there are others who are naturals and so become the envy of their colleagues. **Jayant M. Shah** of Voltas is one such person. In a career spanning 39 years, Shah has sold over 20,000 air conditioners. In value terms, this means the septuagenarian salesman has provided Voltas approximately Rs.50 crore worth of business.

Though officially retired, Shah continues to work as a booking agent for the air conditioner giant. Recipient of several awards, including the All India Best Salesman of the year award in 1980, at the World Marketing Congress, his greatest satisfaction comes from the fact that three generations of Shah's family — his father and now his son — are involved with Voltas. As the younger Shah proudly claims, "Selling is in my blood." Quite so, in his case.

Leasing — the public sector way



THE PRINCIPLES AND PRACTICE OF LEASING
By K.V. Kamath, S. A. Kerkar and T.Viswanath
Lease Asia, UK, 1990.
Distributor:
Strand Book Stall, Bombay
pp.420, Rs.435

The preface of this excellently produced book mentions in passing that it is a comprehensive treatise on leasing. Comprehensive it certainly is. But a treatise, it is not.

While the authors, in their preface, are quite emphatic in giving credit to the private sector for introducing and nurturing leasing ("the most innovative development in the Indian financial system") in India, they are reluctant to name the pioneers. Moreover, the impression conveyed throughout the rest of the book is quite the opposite: that it is the public sector which has done these honours. And, this bias seems to pervade through this book. One gets the impression that the public sector would definitely beg to differ. However, this element of bias persists throughout the entire presentation.

In the earlier chapters on the 'History of leasing', 'Principles and Types of leases' and the 'Indian experience', the coverage of issues is comprehensive. But, ultimately the success of the leasing industry has to be measured in terms of its contribution to capital formation. It is this factor, definitely of primary significance, that needed to be brought out, but isn't.

Also, the authors classify tripartite finance lease, international lease, currency lease, lease receivable discounting as different types of leases. Strictly speaking, this is not valid. The basic leasing categories are only two: finance and operating. (e.g. cross border, leveraged lease etc. are only variations of a finance lease, depending on the structure. What is more interesting and needed focus is the types of structuring involved and the rationale behind them.

In 'Principles of evaluation,' among the various techniques outlined by the authors, the one using the operating cost of capital seems certainly the valid one and deserves adoption by the corporate sector. But, herein too, the issue really is determining the cost of equity, a discussion of which should have been included.

Lease pricing has been dealt with extensively with a focus on tax-based pricing models, recovery of cost of capital, and profit by the lessor. Theoretically they are valid; but in reality, rental rates are market-driven. Further, in a running company situation, individual leases get priced on the basis of a mix of business, tax capacity, funding constraints, etc.

The lease versus buy decision has been presented in a simple enough manner. But again, in reality it can be more complicated from a lessee's point of view, if capital subsidies and sales tax benefits are to be built in. The chapters on accounting and audit issues are quite comprehensive and well presented.

In the chapter on sales tax, there could be a strong disagreement with the authors' view that transfer of the right to use takes place where the lease agreement is executed. Such a view can also result in an anomalous situation of a state taxing a lease transaction when it may have nothing to do with it, either in terms of manufacture or use. (One gets the impression that this view is more convenient to ICICI.) The resolution of this controversial matter can only come through either the Supreme Court or through the Parliament. Barring this, the discussion on the various aspects of sales tax is quite lucid.

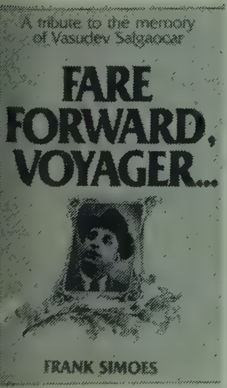
One also wishes the book had said more about some of the legal aspects of leasing. For example, the status of a lessor when the lessee comes under BIFR provisions.

All said and done, the book is definitely a welcome addition to the sparse literature on leasing existing today.

■ V.S.SRIVINASAN

The reviewer is the vice-chairman of 20th Century Finance Corporation

Ode to a client



FARE FORWARD VOYAGER: A TRIBUTE TO THE MEMORY OF VASUDEV SALGAOCAR

By Frank Simoes (Builders of Indian Economy Series: 3)
A.D. Shroff Memorial Trust, Bombay.
1990 pp.275, Price not mentioned

When an advertising man decides to write a biography of the founder of a company that is one of his clients, you wonder whether you are going to be reading an extension of an advertising campaign. Praise be therefore to Frank Simoes for, ever so often, he makes you forget such realities and I read the book, cover to cover, in one sitting.

An anecdote. There is one story where Salgaocar, still only an upwardly mobile young man, asks Pascoal Menezes, already an established mini-tycoon, whether he could accompany him to Portugal. "You cannot", Pascoal was firm. "I attend dances where I do the foxtrot and the waltz with foreign ladies. I go to night clubs in the evenings. You do not dance, and you have never been to a night club in your life."

"I shall go to the circus", Salgaocar said.

As the future was to prove, whatever Salgaocar wanted, he achieved; and he made the trip to Portugal with Pascoal. He also went on to surpass him and build one of India's major industrial empires. Almost anybody in Goa will tell you that Pascoal's name will go down in legend and song, so perhaps there is a lesson in this somewhere.

A docu-drama worth reading if you like your hero to be a paragon of virtue and much larger than life.

■ ROABIN MAZUMDAR

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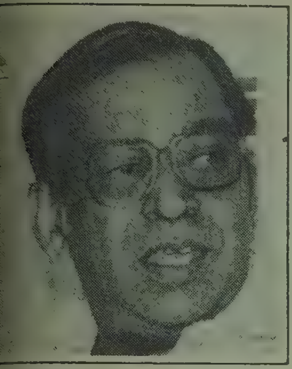
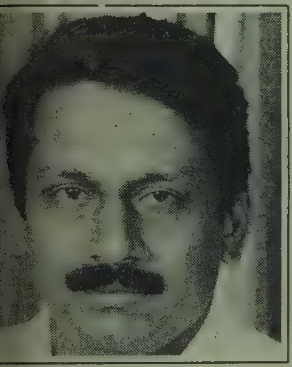


arayanan Vaghul has een re-appointed as hairman and managing irector of Industrial redit and Investment orporation of India ICICI).

T.K. Gururaj has been promoted as executive director, HRD, of HMT Ltd.

Suresh Chand Mathur has been promoted as general manager, international trade, of Indian Oil Corporation.

H.K. Taneja has taken over as the new chief executive of Indian Register of Shipping.



ayant Kawale has oined as joint managing irector of Maharashtra ourism Development orporation Ltd.

S.K. Sanyal has been promoted as additional general manager of the Balco captive power plant, NTPC.

S.S. Kothari, director, Bank of India, has been appointed to the management committee of the board of directors.

Bodhiswar Rai has assumed charge as the chief general manager, State Bank of India, Bengal Circle.

H. Krishnamurthy has taken over as chairman-cum-managing director, Madras Refineries Ltd.

R.D. Kitson has been appointed as the new chairman, Railway Board and ex-officio principal secretary to the government of India.

Shiv Shankar has taken over as managing director of State Bank of Indore.

M.K. Sinha has taken over as deputy managing director, human resources and organisation development, State Bank of India.

B. Gupta has taken charge as deputy managing director, industrial rehabilitation, of the State Bank of India.

Panduranga Rao has been appointed as managing director, State Bank of Patiala.

Maheshwar Dayal Mathur has taken over charge as additional general manager of Central Railway.

S.P. Talwar has taken over as chairman and managing director of the Union Bank of India.

C.D. Tripathi has joined as additional secretary in the Ministry of Urban Development.

Gayatri Sirur has been appointed executive director on the board of Classic Financial Services and Enterprises Ltd.

V.K. Aundhe has taken over as director-in-charge of Hindustan Organic Chemicals Ltd, in addition to his present charge of director, finance.

P.B. Bhandari has been re-appointed as managing director of Consolidated Coffee Ltd.

G.D. Malhotra has been appointed chairman and managing director of Malhotra Steels Ltd.

ASSOCIATIONS

inod Shanbhag has ssumed the office of hief executive of the All ndia Management ssociation, New Delhi.

.R. Thukral has been lected chairman of the elhi chapter of the ndian Institute of Metals.

hyam Sunder Puljal has een elected regional resident of the South ndia Council of Indo-merican Chamber of ommerce.

J. Mukund and **Y. Satyanarayana** have taken over as president and vice-president, respectively, of the Hyderabad Management Association.

I.G. Patel has been appointed chairman of the Aga Khan Rural Support Programme (India).

Manuel Menezes and **V.A. Datar** have been elected as president and vice-president, respectively, of the Indo-Vietnamese Chamber of Commerce and Industry.

Rajendra S. Pawar has been elected president of Manufacturers Association for Information Technology (MAIT).

Sunil K. Alagh has been elected president of the Federation of Biscuit Manufacturers of India.

Kantilal D. Singhee has been re-elected as president of Roller Flour Millers' Federation of India.

B.S. Mehra has been elected as president, The Federation of All India Dyes and Chemicals Merchants' Associations.

Nayan M. Patel has been elected president of the Bombay Industries Association, while **Mahesh Goenka** and **B.D. Shetty** have been elected as vice-presidents.

N.K.S. Mahapatra has been elected as chairman of the eastern regional committee of the Fertiliser Association of India.

J.D. Sharma has been elected vice-president (northern zone) of the Chamber of Indian Trade and Industry.

Senior executive positions

A compilation of executive jobs advertised in **Business India** a
other major publications between 7 and 27 July 1990.

THE FOUR BEST JOBS

- CHIEF EXECUTIVE * Bangalore * *Sal* Rs.2 lakh + perks + accommodation * *Age/Qlfn* 40 years * NS * *Reqd* Minimum 10-15 years experience at senior management level in a reputed industrial organisation * *Cont* Chairman & Managing Director, Box 263, The Times of India, New Delhi 110002 (ToI - 7.7)
- MANAGING DIRECTOR * NS * *Sal* NS * *Age/Qlfn* Around 50 years * Chemical/mechanical engineer with cement industry experience * *Reqd* An established track record in managing large plants * *Cont* P.S. Chohan, President, Aims Management Consultants, 42, Veer Nariman Road, Bombay 400023 (ToI - 7.7)
- EXECUTIVE DIRECTOR * North India * *Sal* Rs.3 lakh * *Age/Qlf* 30-45 years * NS * *Reqd* Experience in managing projects from the greenfield stage and exposure in fertiliser and petrochemical industry * *Cont* A.F. Ferguson Associates, Post Box 1786 Bombay 400001 (BI - 27.7)
- CHIEF EXECUTIVE (Operations) * Calcutta * *Sal* Rs.4 lakh * *Age/Qlfn* 35-45 years * NS * *Reqd* Should have a proven track record in a similar assignment of handling a major product division * *Cont* CEO/BPA/3002, B.P. Agrawal, Chairman, ABC Consultants Pvt Ltd, 43/3 Hazra Road, Calcutta 700019 (S - 13.7)

NATIONAL

- GENERAL MANAGER (Sales) * Delhi or Calcutta * *Sal* Rs.1.5 lakh * *Age/Qlfn* 35-45 years * NS * *Reqd* 10 years experience in petrochemical and plastic raw material sales at a senior level in a large organisation * *Cont* MS/5492, A.F. Ferguson Associates, P.O. Box 1786, Bombay 400001 (HT - 9.7)
- PRESIDENT/VICE-PRESIDENTS * Major cities in India * *Sal* Around Rs.4 lakh + housing + car * *Age/Qlfn* 30-48 years * NS * *Reqd* Professional with diversified experience, preferably in consumer finance, broking, development banking, merchant banking, treasury operations, leasing and hire purchase * *Cont* FSI/BPA/3007, B.P. Agrawal, Chairman, ABC Consultants Pvt Ltd, 303 Embassy Centre, Nariman Point, Bombay 400021 (ToI - 20.7)
- FINANCE CONTROLLER * NS * *Sal* NS * *Age/Qlfn* NS * Chartered/cost accountants * *Reqd* Minimum 10 years experience in a similar position. Knowledge of computerised accounting is essential * *Cont* M/s Sri Ananta Udyog Pvt Ltd, 24, Luz Avenue, Mylapore, Madras 600004 (ToI - 7.7)

WEST

- VICE-PRESIDENT * Ahmedabad * *Sal* Attractive + perks * *Age/Qlfn* NS * Textile engineer with PG in business administration or a CA/MBA * *Reqd* At least 20 years experience of which the last 10 years in a top management position * *Cont* Arvind Somany, Managing Director, Soma Textiles, Ratchial Road, Ahmedabad 380023 (ToI - 7.7)
- VICE-PRESIDENT (Finance) * Bombay * *Sal* Excellent + housing + car * *Age/Qlfn* 37-45 years * CA * *Reqd* 15 years experience and a proven track record * *Cont* Group Vice-President, The UB Group, UB House, 1 Vittal Mallya Road, Bangalore 560001 (BI - 27.7)

NORTH

- VICE-PRESIDENT * New Delhi * *Sal* NS * *Age/Qlfn* 45-50 years * Engineer * *Reqd* Proven track record and experience in executing large projects * *Cont* Chairman and Managing Director, Billimoria Consultants (P) Ltd, 299 Ashok Hotel, Chanakyapuri, New Delhi 110021 (ToI - 7.7)
- GENERAL MANAGER (Finance) * New Delhi * *Sal* Rs.6,500 pm + car and driver * *Age/Qlfn* 37-45 years * MBA in finance, CA * *Reqd* Experience in a similar position with knowledge of commercial law * *Cont* Ramapati Singhania, J.K. Synthetics Ltd, Sarnath, 59-B Bhulabai Desai Road, Bombay 400026 (HT - 9.7)
- GENERAL MANAGER (Civil) * North India * *Sal* Rs.2 lakh pa * *Age/Qlfn* 45-50 years * M.Tech * *Reqd* 20 years experience in industrial construction of tall and heavy structures * *Cont* (MS:134) HRD Department, Gujarat Ambuja Cement Ltd, 106 Maker Chambers III, Nariman Point, Bombay 400021 (HT - 15.7

SOUTH

- CHIEF EXECUTIVE * Bangalore * *Sal* NS * *Age/Qlfn* NS * Ele tronics engineer * *Reqd* 10-15 years experience of which 4-5 yea in Europe as a senior executive in a communication equipmen manufacturing company * *Cont* The Personnel Manage Crompton Greaves Ltd, Vandhna II, Tolstoy Marg, New Delh 110001 (ToI - 7.7)
- GENERAL MANAGER (Projects) * Madras * *Sal* Attractive * *Age Qlfn* 35-40 years * Engineer/geologist + MBA * *Reqd* 10-12 year experience in handling projects related to mining activities *Cont* MS/4377, A.F. Ferguson Associates, Post Bag No.1261, Madras 600034 (S - 18.7)

EAST

- GENERAL MANAGER * Calcutta * *Sal* Rs.10,000 pm + car + HRA + perks * *Age/Qlfn* 40-45 years * CA/MBA * *Reqd* Capacit to handle unionised/clerical workforce and ability to interac with senior managers in client companies * *Cont* GMSR BPA/3003, B.P. Agrawal, Chairman, ABC Consultants Pvt Ltd 43/36 Hazra Road, Calcutta 700019 (ToI - 20.7)

OVERSEAS

- RESIDENT DIRECTOR * Middle East * *Sal* Excellent * *Age/Qlf* NS * NS * *Reqd* 8-10 years experience in international busines Experience abroad with Indian companies and knowledge of Arabic preferred * *Cont* The Managing Director, Post Box 3523, New Delhi 110024 (ToI - 20.7)

Executive positions

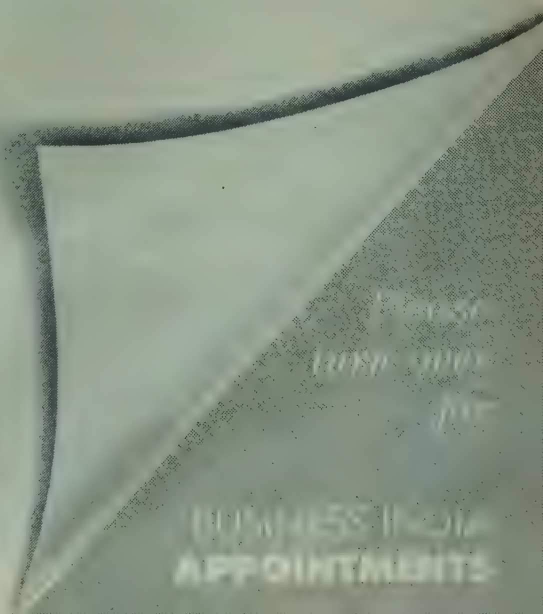
TOI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

ATIONAL

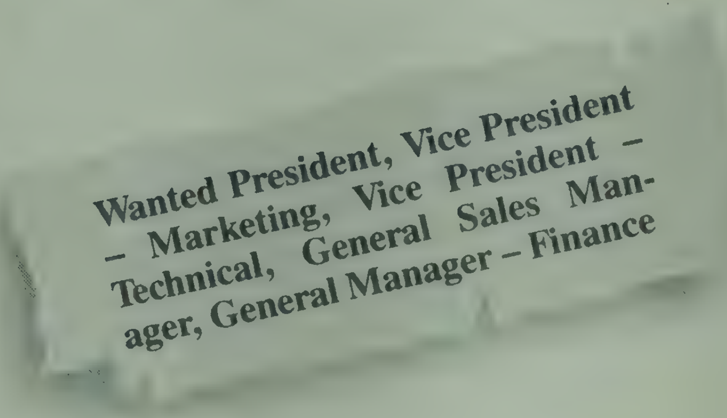
- REGIONAL MANAGERS * Delhi, Lucknow, Varanasi, Ghaziabad and Nagpur * *Sal* NS * *Age/Qlfn* NS * Graduates * *Reqd* 10 years senior level experience in marketing pharmaceutical products * *Cont* The Personnel Manager, Cipla Ltd, Bombay Central, Bombay 400009 (ToI - 18.7)
- FINANCE MANAGER * North India * *Sal* Attractive * *Age/Qlfn* 35 years * Chartered/cost accountants * *Reqd* 12 years relevant experience in a well established organisation * *Cont* Personnel Selection Division, ABC Consultants Pvt Ltd, 4 Khader Nawaz Khan Road, Madras 600006 (HT - 9.7)
- HEAD OF PURCHASE * Hosur * *Sal* NS * *Age/Qlfn* Around 40 years * Engineering graduates * *Reqd* 12-15 years of relevant purchase experience * *Cont* Ref.No.C-151, General Manager - Personnel, Ashok Leyland Ltd, 19 Rajaji Salai, Madras 600001 (H - 10.7)
- PUBLIC RELATIONS MANAGER * Bombay * *Sal* * *Age/Qlfn* 35-45 years * PG in social science/public relations * *Reqd* At least 10 years in a similar capacity. Should be a member of one/two premier city clubs. Fluency in English/Hindi/Marathi/foreign language an advantage * *Cont* Box Z 173-K, The Times of India, Bombay 400001 (ToI - 12.7)
- FINANCE MANAGER-CUM-COMPANY SECRETARY * Bombay * *Sal* Attractive + car * *Age/Qlfn* 28-35 years * CA with company secretary qualification * *Reqd* 4-6 years relevant experience in a reputed organisation. Exposure to a computerised accounting environment is essential * *Cont* Selection Service, CIFCO, 2nd Floor, Regent Chambers, Nariman Point, Bombay 400021 (ToI - 14.7)
- GENERAL MANAGER (Exports - Chemicals) * Bombay * *Sal* NS * *Age/Qlfn* Around 35 years * Graduates/PG in chemical engineering or chemistry with MBA * *Reqd* 10 years experience in marketing/export of agro-chemicals, dye/dye intermediates and other chemicals * *Cont* Chief Personnel Manager, Tata Exports Ltd, Block A, Shivsagar Estates, Dr. Annie Besant Road, Worli, Bombay 400018 (ToI - 14.7)
- FINANCE MANAGER * Calcutta * *Sal* NS * *Age/Qlfn* 35-45 years * CA * *Reqd* Proven track record in similar assignment. Familiarity with computerised/network systems an advantage * *Cont* Box 1065, Statesman, Calcutta 700001 (S - 9.7)
- PERSONNEL MANAGER * Bangalore * *Sal* Approximately Rs.75,000 pa * *Age/Qlfn* Early 30s * PG in personnel management * *Reqd* Around 8 years experience in a similar capacity * *Cont* Personnel & Productivity Services, 70/1 Basaveshwara Road (Miller Road), Bangalore 560052 (H - 17.7)

VERSEAS

- CHIEF EXECUTIVE (Advertising Agency) * Tanzania * *Sal* Attractive + car + housing + perks * *Age/Qlfn* NS * NS * *Reqd* Should have handled accounts and exposure to marketing * *Cont* Managing Director, Scan Ad + Marketing Ltd, P.O. Box 34537, Nairobi, Kenya (ToI - 13.7)
- CHARTERED ACCOUNTANTS/MANAGEMENT CONSULTANTS * Middle East * *Sal* Attractive + accommodation * *Age/Qlfn* NS * CAs/MBAs * *Reqd* For CAs, successful examination record and training in a reputed firm. Management consultants should have experience in information technology, human resources and marketing * *Cont* MS/5471, A.F. Ferguson & Co, Post Box 1786, Bombay 400001 (ToI - 13.7)
- ACCOUNTS MANAGER * Curacao * *Sal* Excellent * *Age/Qlfn* NS * CA/MBA * *Reqd* 3-5 years post-qualification experience. Exposure to international securities market an advantage. Should be familiar with working in an automated EDP environment * *Cont* MSB/402, Price Waterhouse, Post Box No.462, Bombay 400021 (ToI - 13.7)
- MARKETING EXECUTIVE * Dubai * *Sal* Dh.72,000 pa + benefits * *Age/Qlfn* Around 35 years * Engineer + MBA * *Reqd* 6 years experience in marketing industrial production * *Cont* A.F. Ferguson & Co, P.O. Box 1786, Bombay 400001 (S - 16.7)
- SENIOR PUBLIC AFFAIRS EXECUTIVE * Washington, USA * *Sal* Competitive package * *Age/Qlfn* NS * International economics, political economy or journalism * *Reqd* Developing and maintaining high level contacts with the international media, organising and conducting seminars and making oral presentations * *Cont* Luis A. Tassara, Recruitment Division, International Monetary Fund, 700, 19th Street NW, Washington DC 20431, USA (Econ - 19.7)
- SENIOR CIVIL ENGINEER * Saudi Arabia * *Sal* SR.5,000 pm * *Age/Qlfn* NS * B.Sc. in civil engineering or higher qualification * *Reqd* Good experience on general civil engineering, structural steelwork, roads, machine foundations and project work involving other disciplines * *Cont* Goodman's International, 3 Yugprabhat, Near Hammersmith Industrial Estate, Mahim, Bombay 400016 (ToI - 20.7)
- MANAGER (Transformer Project) * Muscat * *Sal* RO 450-500 pm + accommodation + car + benefits * *Age/Qlfn* 35-45 years * Graduate electrical/mechanical engineers * *Reqd* Should have strong project implementation skills. Experience in international sourcing of materials and exposure to quality assurance systems will be a prerequisite * *Cont* MS/5509, A.F. Ferguson & Co, Post Box 1786, Bombay 400001 (ToI - 20.7)
- PROJECT MANAGER (Diesel Power Stations) * Kuwait * *Sal* KD.480 pm + perks * *Age/Qlfn* 30-35 years * Electrical engineers from reputed institutions * *Reqd* 5-10 years experience in installation and commissioning of HV rotating equipment and switchgear, preferably including diesel engine driven gensets * *Cont* MS/5508, A.F. Ferguson & Co, P.O. Box 1786, Bombay 400001 (ToI - 20.7)



THE SEARCH IS ON FOR SOME OF THE WORLD'S MOST WANTED MEN



Wanted President, Vice President – Marketing, Vice President – Technical, General Sales Manager, General Manager – Finance

We are a firm of executive recruiting consultants specialising in the placement of senior level Indian executives overseas and in India.

Through our international network we have access to opportunities in the USA, Europe and the Asia-Pacific region.

We are constantly on call by our clients to place key executives... Presidents, Vice Presidents, General Managers and line function heads.

Are you...

... looking for placement overseas?
... looking for a Senior Level position in India?
... an NRI wanting to relocate in India?

You could be the professional we're looking for. Do write to us in confidence, sending your curriculum vitae.

We assure you of absolute confidentiality.

BALDEV LAL ASSOCIATES

Executive Recruiting Consultants, 96 Golf Links, New Delhi 110 003

TSA-D/BLA/190 R

TOP MANAGEMENT : FINANCE

Our client is a large corporate enterprise, with diversified interests in manufacturing, trading of polyester fibres, yarn, automobiles, steel, telecommunication equipment, travel, food products; besides franchises of world leaders in consumer products.

The corporation has manufacturing facilities, branches, and retail outlets in the Middle East, South East Asia and India.

CONTROLLER FINANCE — MIDDLE EAST

To head all finance activities of Middle East operations. The environment is totally computerised and covers all aspects of financial accounting, management accounting, budgeting and M.I.S., financial planning, and resource mobilisation. Frequent interaction with leading international banks would also form an integral part of the job.

The desired profile is of a 38 to 42 years ACA, who is already a highly accomplished Business Manager. The work environment is very exacting and stimulating. The selected incumbent can look forward to planned growth opportunities and compensation as per international norms.

VICE PRESIDENT FINANCE — DELHI & S.E. ASIA

To head the plant/corporate finance position. Project financing, fund flow and resource planning with a consortium of foreign banks. The job entails M.I.S., setting up of management accounting systems, monitoring budgets and cash flow.

We are looking at a Chartered Accountant or an M.B.A. Finance, between 37 to 42 years of age. The selected individual should have experience of international resource financing and should be strong on systems and control procedures. The compensation package is designed to attract the best talent.

Apply in complete confidence within seven days to :

Noble House
MANAGEMENT AND PLACEMENT CONSULTANTS

POST BOX 3531, NEW DELHI - 110 024.

RADIANT/D/NH/1390

Our client is an established medium size fast-growing group based in the Sultanate of Oman. We have been retained to assist in the selection of the following positions:

CHIEF EXECUTIVE

(Mini steel plant) **Muscat (Oman)**
Rs. 40-50,000 p.m. plus benefits **(MS/5541)**

The group is in the process of setting up a comprehensive mini-steel plant which will have an installed capacity of 60,000 tpa and will produce bars, angles, channels, flats, etc. The estimated investment is approximately U.S. $ 10 million.

The selected candidate will be responsible for all aspects of project management to ensure timely completion on a green-field site. He will report to the Board of Directors and will independently manage the unit after it comes on stream.

Candidates should ideally be qualified engineers who have a successful track record in steel plants of this size at an appropriately senior level. The right mixture of technical and commercial skills, a good personality and a very high degree of interpersonal skills are essential requirements for this position. The preferred age is 40 to 45 years.

FINANCIAL CONTROLLER

Buraimi (Oman)
Rs.30,000 p.m. plus benefits **(MS/5542)**

The position is based at the Group's corporate office in Buraimi (on the UAE/Oman border equidistant from Dubai/Abu Dhabi — approx. 120 km) and will primarily be responsible for the management accounting and control function in the group besides financial accounting at the corporate level. He will be expected to improve upon existing systems for management information and control and will be involved with financial planning for the ongoing and planned diversification projects.

Candidates will ideally be Chartered Accountants or MBAs who have around 10 years experience of which a considerable part should have been in the management accounting and control functions in large, multi-divisional organisations. A good personality and excellent interpersonal skills are necessary pre-requisites for successfully dealing with unit managers and executives which will be an integral part of this assignment. The preferred age is around 35 years.

MANAGER

(Steel Mill) **Ajman (UAE)**
Rs.25,000 p.m. plus benefits **(MS/5543)**

The unit currently produces around 10,000 tpa of mild steel bars in the range of 8 mm to 25 mm and there are plans to invest in the unit and broaden the product range to include angles, channels, flats, etc. The Manager will be responsible for independently managing this unit as a separate profit centre.

Candidates should ideally, though not necessarily, be engineers who have been involved in managing a rolling mill and whose experience has included the commercial aspects of such an enterprise. Commercial experience and business acumen would be primary considerations for selection. The preferred age is 35 to 40 years.

In addition to the salaries indicated, the group will provide furnished family accommodation, company maintained car, annual leave passage for the family besides medical and terminal benefits.

Please apply in strict confidence within 10 days to:
A.F. Ferguson & Co.
Post Box 1786, Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn along with a recent passport size photograph and contact telephone numbers. All applications and envelopes should be marked with relevant reference numbers.

CHIEF EXECUTIVE — EXPORTS DELHI

An established industrial group of over 60 years' standing with present annual turnover of around Rs. 50 crores in a traditional consumer product is diversifying into exports. The corporate objective being expansion in line with national priorities.

A separate company has been floated with a view to undertaking merchant export activities initially. The incumbent is expected to build this company from scratch as an Independent Profit Centre. Strategic selection of export markets, products and suppliers should be his major strength. Export finance will not be a problem.

Personal contacts with importing companies, agents, trading houses abroad will be essential. Knowledge of counter trade and imports will be desirable. He should have at least 10 years' experience in exports, out of which at least 3 years should be at the Chief Executive level in an export/trading house of repute. He should be able to build exports of around Rs. 20 crores in two years. Ideal age around 35-40 years.

Remuneration package will match with the best in the field and will not be a limiting factor for the ideal candidate.

EXPORT EXECUTIVE DELHI

The incumbent will assist the Chief Executive — Exports in the achievement of corporate objectives mentioned above. He should be able to take independent charge in the absence of Chief Executive. Should have at least 10 years' hands-on experience in dealing with supporting suppliers, export inspection agencies, CCI&E, RBI, Commercial Banks and Customs etc.

Knowledge of overseas markets and contacts with overseas importers, trading houses will be an additional qualification. Ideal age around 30-35 years.

Remuneration package will match with the best in the field for the right candidate.

MARKETING/DISTRIBUTION MANAGER DELHI/NOIDA

To strengthen the all-India distribution of a newly launched consumer product with vast potential—around Rs. 20 crores in 3 years.

The group's present products are brand leaders, enjoy premium in the market and are distributed through semi-wholesalers and retailers without any regional/zonal/area offices or any sales force whatsoever. However, this new product needs proper State/Areawise distribution including the rural markets to achieve the desired sales turnover. Innovative and strategic advertising support is also essential. These will form the key functions for the incumbent.

Since the product is mainly retailed through cigarette/pan outlets, at least 5 years' distribution experience of such products is considered essential. The incumbent will handle the total product distribution functions independently and will also recruit, train and motivate the sales team.

Personal contacts with large distributors and semi-wholesalers will be an added qualification. Ideal age 35-40 years.

Remuneration package will be structured to match with the best in the field and will suit even the most ambitious candidates.

Please apply within 10 days for all the posts, together with your recent photograph and career resume indicating the remuneration package currently drawn and expected. Kindly superscribe the envelope with 'CEE' for CHIEF EXECUTIVE — EXPORTS, 'EE' for EXPORT EXECUTIVE and 'MM' for MARKETING/DISTRIBUTION MANAGER and mail it to:

Post Box No. AA/324/SD/5,
Business India, 59, Regal Building,
Connaught Circus, New Delhi-110 001

2|33

What it takes to be the CEO of Tata Elxsi.

Entrepreneurship. A willingness to take advantage of a tremendous opportunity. The opportunity to build a "solutions" driven computer company in India from the ground up ... ***Tata Elxsi (India) Ltd.***

Tata Elxsi (India) Ltd. *is promoted by* ***Tata Industries Ltd.*** *in collaboration with* ***Tata Elxsi (Pte.) Ltd.****, Singapore – the worldwide manufacturer of Elxsi Computers.* ***Tata Elxsi*** *is all about knowing just what the client is looking for and offering the right computing solutions – be it hardware, software, applications, networking and communications. In short, a service-oriented company.*

Tata Elxsi *will manufacture and market expandable, multi-purpose, multi-processor computer systems with capabilities upto the supercomputer (both 64-bit CISC and 32-bit RISC based multi-processors), for both the scientific and commercial market. Its versatility has already been proven to leading government, public and private sector organisations in India.*

A highly competent R&D team has already started on the development of new products.

These systems will be manufactured at a state-of-the-art facility in Bangalore. Key approvals from Government have been received and implementation of the project has already begun.

A candidate who believes that the future in computing lies in the solutions ***Tata Elxsi*** *is bringing to India, is the person for us. The CEO:*

- *Should have the ablility to create an organisation and build it into a Rs. 50-crore company within 5 years.*
- *Must have the ability to build a team of the sharpest minds in the industry and lead this team in the overall operations and administration of the company.*
- *Should be an Engineer-MBA with 20 years' experience, a substantial portion of which should be in senior management positions. While computer industry experience is not essential, candidates with a marketing background will be preferred.*
- *Will receive salary and emolument on par with the best in the industry. The CEO will be required to relocate to the head office in Bangalore.*

So, if you have what it takes to be the CEO of Tata Elxsi, please apply in confidence to:

TATA ELXSI (INDIA) LIMITED
c/o Tata Industries Ltd.
Bombay House, 4th Floor
24, Homi Mody Street
Bombay 400 001

TATA
ELXSI
(INDIA) LIMITED

Chaitra-D TE 2

ABC's major specialisations include • Corporate Consultancy • SWOT Analysis • MIS • Operations Research • Industrial Engineering • Systems & Procedures • Project Reports • Organised Cost Reduction • Materials Management • Data Processing • Computer Feasibility • Software Packages • Insurance Consultancy • Socio-Economic Studies

EXECUTIVE DIRECTOR

Large Cotton Spinning Mill

South India
Premier City

Excellent Terms

Our client is a high profile and large Business House with diverse interests and a combined turnover of Rs. 600 crores. The Group has a large spinning mill with a capacity of over 80,000 spindles and a turnover of approximately Rs. 60 crores. They are on the lookout for a high calibre Techno-Commercial Professional to head the company as a Profit Centre Incharge.

He will have total freedom and accountability for running the company on profitable lines. Our client is essentially looking for a **seasoned textile technologist** with a **sound cotton spinning background** backed by **strong commercial acumen.** Should have a successful track record as head of a large spinning mill with a high degree of involvement in financial and other commercial aspects. Accent is on excellent management skills and strong achievement orientation. **Candidates from the finance stream with adequate exposure to relevant technical aspects will also be considered.** Knowledge of South Indian languages desirable but not essential. Age: Around 45.

Emoluments will be very attractive and will not be a limiting factor for the right candidate.

Apply within ten days with detailed bio-data marking envelope & application with job title & code: EDS/MDS/14 or speak to M Madhusudan, Director over phone at office 470778/residence 454841. ALL CORRESPONDENCE WILL BE TREATED IN STRICT CONFIDENCE.

ABC CONSULTANTS PRIVATE LIMITED
4, Khader Nawaz Khan Road, Madras-600 006 Tel. 470778

PHILIPS

PHILIPS INDIA

requires

General Manager – Personnel

for their factories at Loni – Pune

PHILIPS INDIA with a current turnover of over Rs. 400 crores is a diversified multi-product Company having 9 factories, 4 regional establishments and a staff strength exceeding 9000. Philips is a leader and pioneer in the fields of Lighting and Electronics both worldwide and in India. The Company has a stable Industrial Relations environment.
The manufacturing complex at Loni is a modern plant of international standards manufacturing Plastic, Metalware and Electronic components, with a personnel strength of about 1800.

The incumbent will have overall responsibility for all Personnel and Industrial Relations matters including Manpower Planning, Recruitment, Training, conducting, concluding and implementing productivity-based union negotiations, innovative welfare administration, grievance handling, counselling the workmen, wage and salary administration as well as overseeing Company transport arrangements. Security will also be part of the job.

The selected candidate will report directly to the Director responsible for Components and Plastics & Metalware Divisions at Pune and functionally to the Director-Personnel at Head Office.

The applicant likely to succeed would be a Post-Graduate in Personnel Management with a proven track record of having handled the total gamut of Personnel and I.R. functions at least for 5 years at a senior level in a comparable organisation. He should be fluent in Marathi and should be able to influence the workforce and his colleagues.

There will be considerable opportunity for personal and professional growth along with professional satisfaction that comes from working in a challenging and demanding work environment.

COMPENSATION PACKAGE includes Company Housing, Company Car, Holiday Allowance, Bonus, comprehensive medical facility including post-retirement medical benefits, Pension and Gratuity besides an attractive salary.

Applications, which will be treated in strict confidence, mentioning age, qualifications, experience in detail, and present compensation package should be forwarded within ten days to:

The Director & Senior Vice President – Personnel
Peico Electronics & Electricals Limited
'A' Shivsagar Estate, Dr. Annie Besant Road,
Worli, Bombay 400 018.

Tata Elxsi needs a GM-Marketing to get close to the customer.

__Tata Elxsi__ is all about knowing just what the client is looking for and offering the right computing solutions – be it hardware, software, applications, networking and communications. In short, a service-oriented company.

__Tata Elxsi (India) Ltd.__ is promoted by __Tata Industries Ltd.__ in collaboration with __Tata Elxsi (Pte.) Ltd.__, Singapore – the worldwide manufacturer of Elxsi Computers.

It will manufacture and market expandable, multi-purpose, multi-processor computer systems with capabilities of the supercomputer (both 64-bit CISC and 32-bit RISC based multi-processors). Its versatility has already been proven to leading government, public and private sector organisations in India.

This system will be manufactured at a state-of-the-art facility in Bangalore.

If you can provide the "service and solution" orientation to Tata Elxsi, you may be the person for us. As GM-Marketing, you:

- *Will head the marketing function, and be responsible for the formulation and implementation of the marketing strategy.*
- *Should focus on market development, product planning and providing inputs to R&D.*
- *Will report to the CEO and help him build it into a Rs. 50-crore company within 5 years.*
- *Should be an Engineer–MBA with 12-15 years of marketing experience. You should have handled marketing of high-value products and should possess strong selling skills.*
- *Will receive salary and emolument on par with the best in the industry. The candidate will be required to relocate to the head office in Bangalore.*

So, if you have what it takes to be the GM-Marketing of __Tata Elxsi__, please apply in confidence to:

TATA ELXSI (INDIA) LIMITED
c/o Tata Industries Ltd.
Bombay House, 4th Floor
24, Homi Mody Street
Bombay 400 001

TATA
E L X S I
(INDIA) LIMITED

Chaitra-D TE 3

Our clients, a leading Industrial group, with diversified business & manufacturing interests, have recently completed a major expansion and modernisation of their established cement manufacturing operations to provide a thrust for accelerated growth of business volumes and market share.

To effectively implement these growth plans the company requires a result oriented marketing professional to take charge as

GENERAL MANAGER – MARKETING
Cement Industry

South India **Excellent Terms**

The incumbent would be responsible for formulation and implementation of requisite strategies and development of an effective marketing network to significantly expand market shares in an increasingly competitive environment.

Candidates should be graduates with post graduate qualification in Marketing Management and around 12-15 years' experience in marketing with considerable exposure to the construction trade practices. Preferred Age: Around 40 years.

Remuneration would not be a limiting factor for the right candidate. Kindly apply within 10 days, to:

The Chairman,
Apex Management Consulting Group
Private Limited,
C-1 "Rams Square", 2 Village Road,
MADRAS 600 034.

3070

amcon

ABC's major specialisations include • Corporate Consultancy • SWOT Analysis • MIS • Operations Research • Industrial Engineering • Systems & Procedures • Project Reports • Data Processing • Materials Management • Organised Cost Reduction • Computer Feasibility • Insurance Consultancy • Software Packages • Socio-Economic Studies

SR. MARKETING PROFESSIONALS

Domestic Appliances

Our client is a highly successful, well established and progressive company manufacturing & marketing a wide range of domestic appliances including LPG stoves, mixers, water filters, pressure cookers, geysers, stainless steel vacuum flasks, etc. The products enjoy an excellenct brand image and a sizeable market share. The company has targetted to achieve a turnover exceeding Rs. 100 Crores in 2-3 years. They wish to strengthen the Marketing team by inducting highly competent and achievement oriented professionals for the following newly created key positions.

GENERAL MANAGER

Sales

Madras **Excellent Terms**

The incumbent will spearhead the sales effort on an All India basis. Responsibilities will include planning & implementation of strategies, sales promotion, achieving ambitious targets, team management, dealer development & related commercial aspects. Candidates should preferably be post graduates in management with around 12 years relevant hands on experience in selling consumer durables. Should possess an excellent track record in reputed companies holding senior and responsible positions. Accent is on excellent selling abilities, strong interpersonal skills and managerial ability. Age: Around 40. Code: GMS/MDS/17.

4 REGIONAL MANAGERS

Delhi/Bombay/Calcutta/
Madras or Bangalore **Excellent Terms**

The incumbents will report to the General Manager-Sales and assume independent charge of marketing & sales activities in their respective regions. They will achieve pre-determined sales targets through innovative & well defined strategies. Candidates should preferably have post graduate qualification in management with 8-10 years relevant experience in selling consumer durables as Regional/Branch Head in organisations of repute. Excellent selling skills and ability to lead & motivate a team are a must. Age: Around 35. Code: RMM/MDS/18.

The company offers an excellent working environment and accelerated growth opportunities for achievement oriented professionals. The compensation package will not be a limiting factor for the right candidates. Apply within ten days with detailed bio-data marking envelope & application with appropriate job title & code. ALL CORRESPONDENCE WILL BE TREATED IN STRICT CONFIDENCE.

Personnel Selection Division
ABC CONSULTANTS PRIVATE LIMITED
4, Khader Nawaz Khan Road, Madras 600 006. Tel: 470778

SENIOR EXECUTIVES — LEATHER

Our clients are a large Industrial Group with diversified interests in manufacturing and services, including several ventures in the Core sector and high technology areas in collaboration with leading international companies in each field. They are now setting up a large manufacturing facility to manufacture and export leather shoe uppers, full shoes and leather garments. The company now requires the following Senior Executives in Madras.

GENERAL MANAGER/ DY. GENERAL MANAGER – PURCHASE

Applicants should have about 15 years' experience in sourcing and procurement of Goat, Cow and Buff leathers. The position calls for a high degree of agility and in-depth knowledge of leather markets.

A formal qualification in leather technology will be an additional advantage. Age around 40 years. Remuneration package will be attractive and will not be a constraint for suitable candidates.

MARKETING MANAGERS

Company requires two Marketing Managers, one for Leather Shoe Uppers and Shoes and the other for Leather Garments. Candidates should have a minimum experience of 10 years in the export of Leather Shoe Uppers/Shoes and Leather Garments. They should have very good contacts with overseas buyers. A formal qualification from IIFT will be an added advantage. Age around 35 years. Remuneration package will be attractive and will not be a constraint for suitable candidates.

Please apply within 10 days to:

The Chairman,
Apex Management Consulting Group
Private Limited,
C-1 "Rams Square", 2 Village Road, MADRAS 600 034.

3069

amcon

TECHNICAL SERVICE MANAGER

Chemical Multinational

Bombay **Rs. 150,000 (Negotiable)**

One of the world's largest chemical companies is looking for a Technical Service Manager to be responsible for providing technical support for the company's products to the tyre industry in India and the neighbouring countries. The incumbent would be required to maintain close contact with the customers and their manufacturing plants, keep abreast with their operation and provide assistance as required for promoting company's products. The job requires frequent travel in India and abroad.

Applicants must be chemical engineering graduates (with specialisation in rubber technology) or rubber technologists from reputable institutions, with atleast 8 years experience in a tyre company preferably in manufacturing, tyre designing, compounding and laboratory testing. Preferred age: Around 35 years.

Prospects for further growth are excellent.

An attractive remuneration package would be negotiated.

Please apply in strict confidence, within 10 days to:

A.F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience, salaries drawn and contact telephone numbers. All applications and envelopes should be marked "Ref. MS/5546".

SRF

SRF LIMITED
FORMERLY *SHRI RAM FIBRES LIMITED*

SRF is a growth-oriented group with an enviable track record. The group turnover from a diverse product range, including nylon industrial yarns and fabrics, engineering plastics, fluorochemicals, bearings auto-electricals and financial services, is expected to cross Rs. 250 crores in the current year.

Our ambitious growth plans are targeted to take the group turnover to over Rs. 1000 crores by 1995-96. An investment of over Rs. 900 crores is planned through major projects, including caprolactam, industrial nylon, synthetic glycerine, fluoro and chlorochemicals.

For speedy implementation of the identified project opportunities, we require a

PROJECT MANAGER (CHLOROCHEMICALS)

The incumbent would be responsible for overall implementation of the identified project, including technology transfer/absorbption,detailed engineering,procurement of plant and equipment, erection and commissioning and stabilisation of the production process.

He must have hands-on experience of implementing atleast a medium sized chlorochemical project (project cost – over Rs. 10 crores) and obtaining all related Government/statutory clearances.

Applicants,in the age group of 30-40 years, should be qualified chemical engineers, with an excellent track record in project planning and execution, preferably with atleast 2-3 years' experience in production of chlorochemicals.

They must have the ability to monitor and control project implementation based on PERT/CPM,and build and lead a multi-disciplinary team of competent professionals.

As the project is to be commissioned by 1992, we are looking for an extraordinarily resourceful person.

The position offers an excellent compensation package and bright prospects for growth.

Please apply within 10 days along with a passport size photograph, superscribing the application and envelope with PM/CC, to:

Dy. General Manager (Corporate Development)
SRF LIMITED
Express Building, 9-10 Bahadur Shah Zafar Marg
New Delhi – 110002.

EXCELLENT
CAREER OPPORTUNITIES

- TEXTILES
- LOCATION: DUBAI
- GARMENTS
- COMPENSATION: NEGOTIABLE

We are a fast growing business organisation in the Middle East with wide ranging interests. We are diversifying into Textiles and Garments business in association with reputed overseas manufacturers.

To start and ensure rapid growth of these two new divisions, we require:

PRODUCT MANAGER (TEXTILES)
PRODUCT MANAGER (GARMENTS)

Fully responsible for managing the Textiles & Garments Division respectively as profit centres including direct supervision of marketing, supply side management etc.

Age: Around 35 years.

Qualification: Graduates with some formal education in respective areas. MBA (preferably from leading management schools like IIM) will be an added advantage.

Experience: Minimum 10 years in Textiles/Garments business with a company of repute, of which at least 5 years in a senior marketing position. Should be fully familiar in dealing with wholesale and retail trade.

SALES SUPERVISORS (TEXTILES)
SALES SUPERVISORS (GARMENTS)

Responsible for marketing of a wide range of textiles/garments to existing and new wholesale and retail dealers, new market development etc.

Age: Around 27 years.

Qualification: Graduate

Experience: At least 5 years with a reputed company in direct selling of textile products/garments to wholesalers and retailers.

Selected personnel will be based at Dubai and will cover the entire Middle East and Africa markets.

Apply in strict confidence with necessary details to:

P.O. BOX: 22608, SHARJAH, U.A.E

Calling All Middle Managers

Are you tired of being in the middle but never quite in the centre of things ?

Does mid-stream appear to be your final mooring ?

Do you feel under-utilised, rarely stretched, bored in your work ?

In short, have you been thinking of a change ?

Well, we just may be able to help.

If you are between 27 and 40, earning **more** than Rs. 60,000 p.a. (gross) **and** working in any of the following functions :

a) Accounting /Finance
b) Exports
c) Industrial Engineering / Computerised MIS
d) Materials / Purchase
e) Personnel / IR / HRD
f) Plant Engineering / Maintenance
g) Production / Production Planning
h) Sales / Marketing

or in any of the following industries :

a) Aluminium/Steel
b) Computers/Computer Peripherals
c) Consumer Durables
d) Consumer Electronics
e) Electrical Motors
f) LCV
g) Office Automation
h) Petro-chemicals
i) Plastic Processing
j) Processed foods
k) Ready-made Garments
l) Refrigerators / Air Conditioners
m) Soaps/Detergents/Toothpaste
n) Synthetic Yarn
o) Two - Wheelers / Three-Wheelers
p) Tyres & Tubes

then please get in touch with us immediately.

DO NOT send your bio-data now :

Just mail to us 2, self-addressed, stamped (Re. 1) envelopes (9$^{1}/_{2}$" x 4$^{1}/_{2}$") at the under-mentioned address.

management productivity systems
post box 9313
bombay 400 036

WIPRO

Wipro is a rapidly growing Corporation in the information technology, consumer products, fluid power, scientific instruments and medical systems businesses providing quality products and services. Current sales are over Rs.300 crores.

Wipro Information Technology Ltd., is a subsidiary of Wipro Ltd. We are a major Computer Company providing information technology solutions for an ever increasing range of applications.

In our Peripherals Division, we manufacture a range of dot matrix printers in technical collaboration with **Seiko Epson Corp of Japan**, world leaders in printers.

As part of our thrust area, we are setting up a separate factory at Mysore for Printers with profit centre responsibilities. In addition to the existing range of printers and add-ons, more product lines would be added over the next few years.

WORKS MANAGER (PERIPHERALS)

The incumbent will have independent control of the factory with integrated responsibilities for Production, Materials, Production Engineering, Quality Assurance, Accounts & Personnel. Additionally, he will play a key role in the planning and commissioning of the new factory.

Candidate should preferably be a mechanical engineer with about 15 years of relevant experience in a reputed light/precision engineering mass production company. Should have experience of vendor development and procurement of precision parts. Experience of working in Japanese collaborated companies would be a distinct advantage.

Since it is a senior management position at a unit head level, we are looking for a mature and result-oriented person who will set high standards, motivate and lead a team of young professionals.

We offer an attractive compensation and benefits package based on qualification and track record. Please apply (with contact telephone No.) immediately, giving details of qualifications, experience, emoluments to: The Manager - Personnel, Wipro Information Technology Limited, 88 M.G. Road, Bangalore 560 001.

CLOSE TO THE CUSTOMER

THE COUNTRY'S NO. 1 TELEVISION SELLER IS LOOKING FOR THE COUNTRY'S NO. 1 TELEVISION SELLERS.

If you're a professional engaged in the marketing and sales of consumer durables and have an impressive track record to your credit, here is an opportunity that will take you seriously. We, with a group turnover of over Rs. 300 crores, have been the market leaders of the television industry for the past 12 years. We are now diversifying into household appliances like Washing Machines, Rice Cookers and Vacuum Cleaners, and are looking for people like you to promote our range of products and strengthen our position: **SENIOR MARKETING MANAGER (INSTITUTIONAL SALES):** You will be responsible for the setting up of this division and shall report directly to the Managing Director. You have about 10 years of experience in this area, with about 5 years at a senior position. An MBA degree will be to your advantage. **SENIOR MARKETING MANAGER:** Based at Delhi, you will be responsible for the formulation and implementation of marketing strategies for Eastern and North Eastern India. You have an MBA degree and at least 5 years of experience in these regions. **MARKETING MANAGERS (NEW PRODUCTS):** Based at any one of the metros, you will be responsible for evolving strategies to promote our new range of household appliances. You have about 4-5 years of experience and may have an MBA degree. **SALES EXECUTIVES:** You will be responsible for the sale of our products in Delhi, Haryana, U.P. or Punjab. You are a graduate, possess a natural flair for selling and have about 3-4 years of experience in sales. Salary will not be limiting factor for the right person. Send in your resume, within 10 days, indicating on the envelope the post applied for, to: The Director, Tulika Advertising,.
100 Southex Plaza, 389 Masjid Moth, N.D.S.E.- II, N. Delhi-49.

CROWN

INTERNATIONAL FINANCE CORPORATION

The International Finance Corporation (IFC), Washington, is expanding its direct equity investments in India, ranging in size from US$250,000 to US$2.5 million equivalent in private sector companies.

To facilitate the expansion of its equity investments, IFC wishes to recruit a person for its India Office, as part of its Indian cadre, a person with suitable post-graduate qualifications in economics, business administration and finance. The selected candidate will have at least 10 years' senior-level experience in project finance and/or merchant banking with hands-on experience in financial analysis, or would have worked as a senior financial officer in India's corporate sector.

This is a senior position and only persons who have acquired an overview of the Indian industrial scene, together with the required experience, will be eligible. The position is likely to be located in Bombay.

Appointment will initially be on a two year fixed-term contract. Emoluments will be attractive and will not be subject to tax.

Please apply within 10 days to:

A F Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

giving full details of age, qualifications, work experience, salary drawn and telephone contact numbers. All applications and envelopes must be marked **'Ref: MS/4949'**

ABC's major specialisations include Corporate Consultancy ● Organised Cost Reduction ● Technology Transfer ● Project Reports ● Operations Research ● Industrial Engineering ● Data Processing ● Computer Software Packages ● Materials Management ● SWOT Analysis ● Systems & Procedure ● Business Negotiations ● Socio Economic Studies ● Computer Feasibility

We have been retained by a **highly successful & large Industrial Group** to select the following senior professionals for their expanding requirements. All positions are **CALCUTTA** based.

ASSISTANT VP — Technical

Hitech Steel Foundry

Rs 10,000/- + Flat + Car & Driver + Perks

He will be responsible for all production, technical and project/expansion functions connected with a most modern, highly mechanised, export-oriented, steel foundry. Must be a qualified Metallurgical Engineer or Foundry Technologist with senior level experience. The position requires a dynamic & senior manager with proven track record of **getting things done.** Age Group 40-50. Code VPT/BPA/3018.

WORKS MANAGER - FOUNDRY

He will assist VP-Technical for achieving agreed **production targets** within prescribed quality & cost parameters. Will have similar qualification & experience. Age Group 35-40. Code WMF/BPA/3019.

Our clients are interested in meeting only **high performers** for these key positions. Please write to **B P Agrawal, Chairman** and mark the envelope & enclosures with respective job title & code. Details of age, education, experience, current responsibilities & emoluments, contact telephone numbers should be clearly mentioned and applications sent through speed/courier mail.

ABC CONSULTANTS PRIVATE LIMITED
43/3, Hazra Road, Calcutta 700 019

Crompton Greaves
LIMITED

REGIONAL MARKETING MANAGERS
TELECOMMUNICATIONS

Code : RMM-TC

REGIONAL MARKETING MANAGERS
COMPUTERS

Code : RMM-COMP

Ours is a Company with a Sales Turnover of over Rs.500 crores, an established leader in Electricals and now a major force in Electronics, Computers and Telecommunications.

We are looking for dynamic result oriented leaders to take charge of our Marketing effort in the regions.

The persons should be graduates in Electronics/Telecommunications preferably with post-graduate qualifications, below 35 years of age with 8 - 10 years experience in the Electronics Industry preferably Office Automation. Expertise in developing and implementing Marketing Strategies, techno-commercial aspects and ability to motivate a team are essential requisites of the job.

The position offers a challenging work environment and good prospects for growth. The compensation package will be commensurate with qualifications and experience.

Please apply within 10 days with complete bio-data superscribing the envelope with the position code, to:

General Manager (HRD)
Crompton Greaves Limited
1, Dr. V.B. Gandhi Marg,
Bombay 400 023.

Crompton Greaves

The Thapar Group

For a sophisticated, profitable and growing professionally managed Public Limited Engineering Company in Western India manufacturing high precision products with foreign collaboration.

PERSONNEL MANAGER

(MS/5538)

ATTRACTIVE COMPENSATION

Incumbent would be an accomplished Personnel Manager with a proven track record in reputed, professionally managed industrial organisations. It is a key management position with ample growth opportunities.

Candidate should be a graduate with qualifications in Personnel Management having around 10 to 15 years' hard-core experience in the areas of Personnel and Industrial Relations.

The job calls for technical soundness and excellent managerial abilities to effectively deal with a large workforce.

Preferred Age: Around 35 years.

SYSTEMS MANAGER

(MS/5539)

ATTRACTIVE COMPENSATION

Incumbent should have minimum 10 years' experience in development and implementation of applications in Supermini/Mainframe environments including 3 years or more in a senior position such as Systems Manager/Group Leader in reputed organisations. Should have worked in UNIX/C/RDBMS environment and in On-line Systems Development.

Candidate should have a degree in Mechanical Engineering/Computer Science/Computer Applications from a recognised university. Post graduate qualifications will be preferred.

The job calls for excellent qualities of leadership, technical competence, excellent communication abilities and inter-personnel skills.

Preferred Age: Around 35 years.

Please apply in strict confidence to:

A.F. Ferguson Associates
P.O. Box No. 1786, Bombay 400 001

giving full details of age, qualifications, experience and salary drawn. All applications and envelopes should be marked with the relevant MS reference number.

THIS COULD BE YOUR SUCCESS STORY

We are manufacturers of ethical and proprietary pharmaceutical specialities and health care products. We are market leaders in Pharmaceuticals. We have an excellent image as a company with an aggressive instinct, a flair for identifying opportunities and a high-calibre innovative field force. Our strike rate of success is enviable.

Our high growth rate has contributed to our expansion plans. We have opportunities for dedicated and participative managers with a wealth of common sense. We are looking for winners.

We have grown because of our people. Can you contribute to the fast track record in the positions indicated below:

Regional/Area Sales Managers

(Delhi, Calcutta, Madras, Bangalore, Ahmedabad, Lucknow, Jaipur, Indore)

Qualifications & Experience

You should be a Pharmacy/Science graduate preferably with masters in Management. Between the age group of 30-35. And with a proven trade record in frontline Sales Management in a reputed pharmaceutical company. Effective communication and inter-personal skills will be an asset.

Responsibilities

Work areas will include achievement of monthly and annual budgeted sales targets, servicing a network of stockist outlets, monitoring receivables, product promotion and providing leadership to a young and mature field force. The job demands extensive travelling and an ability to achieve ambitious goals in a demanding environment.

Product Managers

(Delhi)

Qualifications & Experience

You should be a Pharmacy/Science graduate with a specialisation in marketing from a premier management institute with 3-7 years of experience in Product Management. Consumer non-durable/pharmaceutical marketing experience will be a distinct advantage.

Responsibilities

You will be responsible for planning and formulating marketing strategies of the brands assigned to you. And for product identification, developing promotional strategies, conducting market surveys, advertising and supervising product launches.

Sales Development Executives

(Major Metros)

You should have a management degree from a premier institute and about 2 years of sales experience. Experience in Pharmaceutical Sales will be an asset, though not necessary.

Our salaries are comparable to the best in the business, comprehensively worked out packages to compensate the finest professionals. So write to us giving complete details with the locational preference and sign your way to a rewarding future.

Box No. AA/324/LR/2, **Business India,** 59 Regal Building, Connaught Circus, New Delhi 110 001.

We are a diversified business group with a projected turnover for 1992 of 200 crores.

SEALOL HINDUSTAN LTD. a joint venture with ***EG&G SEALOL*** U.S.A., are the market leaders among mechanical seal manufacturers in the country.

Bellows Sealed Valves manufactured by us are with technical knowhow from ***B.F.E. S.p.A.*** licensee of Bonney Forge U.S.A.

We have established satisfied clientele for our following associates:

EG&G *CHANDLER ENGINEERING* U.S.A.
DONK Afsluiters (Valves)B.V. – Holland
EAGLE INDUSTRY CO. – Japan.
International Valve Industries Limited – U.K.

INTERVALVE (INDIA) PVT. LTD. manufactures State of the Art Wafer Sleeve-lined Butterfly Valves and Check Valves in collaboration with Intervalve B.V., Holland.

SPAN OVERSEAS PVT. LTD. is the Group's foreign trade division having a strategic presence in U.S.S.R. and European Industrial, Consumer and Commodity markets.

To maintain leadership in the highly competitive business environment we need:

Marketing Executives/Engineers — Bombay, Poona, Baroda, Surat, Delhi, Calcutta, Madras, Hyderabad and Panvel.

The ideal candidate would be an Engineering Graduate between 22 to 35 years of age and assist the Area Manager in maintaining existing customer relationships, expanding the customer and product base. Out of the vacancies at Poona, two are for persons with in-depth knowledge of Russian.

Asst. Manager — Commercial — Poona

The ideal candidate would be a Commerce Graduate between 28 to 32 years of age and would assist the Marketing Manager in Invoicing, Despatch, Credit Control, Excise, Sales Tax and other related commercial functions.

Compensation package would exceed industry norms. Please respond to:

SEALOL HINDUSTAN LTD.
Noble Chambers, 5th Floor, S.A. Brelvi Road, Bombay-400 001.

EICHER

TOP & SENIOR MANAGEMENT PROFESSIONALS

COMPENSATION: BEST INDUSTRY PRACTICE + HOUSE + CAR + PERKS

EICHER, the well known engineering group, with current turnover exceeding Rs. 300 crores, manufactures tractors and the popular LCV – CANTER in collaboration with Mitsubishi Motors of Japan. We have recently entered into a strategic alliance with ENFIELD INDIA, a reputed name in two-wheelers.

Our vision for the future places great premium on 'Total Quality' and achieving world class status in all aspects of our functioning. Significant investments are being made in modernizing existing plants, equipment and processes and in the training and development of our people. At the same time, the organization is preparing for major growth and diversification.

To facilitate this process of change and improvement, and to gear up for accelerated growth, we invite outstanding professionals with proven track records to join us. Your key result areas, amongst others, would be in channelising/guiding and developing a team of bright young MBAs/CAs/Engineers in laying down and achieving standards of excellence in all aspects of the job, facilitating interfunctional team work and providing an environment that enhances and facilitates effectiveness at work.

Professionals with strong entrepreneurial capabilities and well developed conceptual, communication and social skills, who wish to contribute as change agents/consultants/business managers may apply for assignments in general management as well as Senior Management levels in functional areas listed below:

RESEARCH & DEVELOPMENT
MANUFACTURING
MATERIALS
ENGINEERING
QUALITY MANAGEMENT
SYSTEMS & O&M
PERSONNEL & HRD
FINANCE & ACCOUNTS
MARKETING
EXPORTS

The positions are in the Top/Senior Management cadre of the Company. Career planning for all executives is handled together as a group and therefore all jobs are transferable, across our various locations at Alwar in Rajasthan; Parwanoo in Himachal Pradesh; Pithampur near Indore; Faridabad in Haryana and New Dehi.

Compensation would be on par with the best industry practice and the package would include leased accommodation, company-owned car, residential telephone etc.

We would welcome applicants from all Industries including chemical/steel/textile/engineering/auto/management consultancy etc. Please send your detailed resume in strict confidence now to Mr. Anil Sachdev, Director-Personnel, Eicher Goodearth Limited, Eicher House, 12 Commercial Complex, Greater Kailash II (Masjid Moth), New Delhi-110048 (Tel Nos. 6445521/23, 6447781).

MITSUBISHI
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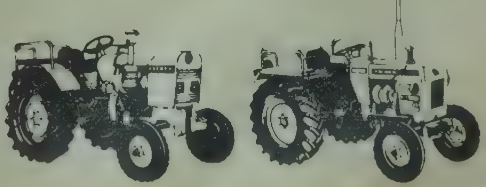

UNITY GROUP OF INDUSTRIES

•METALLURGICAL EQUIPMENTS • PIG IRON • FORGINGS • STEEL CASTINGS • ALLOY STEELS •

We are fast growing industrial Group presently engaged in manufacturing a wide range of Carbon and Alloy Steels & Steel Castings. The ambitious growth plans of the company are to implement manufacturing facilities of Steel Forgings, Pig Iron & Metallurgical Equipment etc. The total outlay of the projects on hand is more than Rs. 100 crores. Present annual turn over of Rs. 50 crores is likely to reach Rs. 90 crores during the current year and will cross Rs. 300 crores on implementation of projects on hand. We are looking for an outstanding individual for the following position:

VICE PRESIDENT-SECRETARIAL AND LEGAL

The candidate, we are looking for, should be basically a qualified Company Secretary preferably with a Master's Degree in Law. Thorough exposure to Company Law matters and handling of public issues is a must. Exposure in Financial Management including dealing with All India Level Financial Institutions will be preferred. Age group 40-45 years.

Applications, along with career details, salary drawn and expected and a passport size photograph, should be sent within 10 days to:

The Vice-President (P&A)
Unity Steels Ltd.
413-15, Paradise,
Opp: College,
Sayajigunj,
BARODA-390 005.

•ALLOY STEELS • STEEL CASTINGS • FORGINGS • PIG IRON • METALLURGICAL EQUIPMENTS•

Where growth is a way of life.

Concept

A leading consumer product company, enjoying excellent brand image with a turnover targeted to reach Rs 100 crores next year, is looking for a Senior Executive committed to organisational excellence as :

GENERAL MANAGER (FINANCE) & COMPANY SECRETARY

Calcutta **Attractive Salary plus Company Flat and Car with Driver**

The incumbent will report to the Chief Executive and will be responsible for critically evaluating optimum resource utilisation. He will also have to ensure that the policies and procedures of the Company, as well as statutory requirements, are complied with. The candidate should be proficient in funds/cash management, evaluation of capital expenditure proposals and project feasibility studies. The job requires liaison with banks/financial institutions and identifying and implementing studies/measures for improving the Company's profitability.

Administering the system of budgetary control, accounts, management information systems and computerisation will be the other responsibilities of the incumbent. Proficiency in direct taxation and Company Law/Secretarial matters will also be required.

The candidate should essentially be a Chartered Accountant and Company Secretary with minimum 12 to 15 years' relevant experience at a senior level. We are looking for hard task-masters, who can provide leadership and are able to get things done. Preferred age: around 40 years.

In addition to an attractive salary, the Company offers excellent perks and retiral benefits.

Please apply in confidence to Box No. AA/324/LS/1, **Business India**, Krishna Villa, 100 Park Street, Calcutta-700 017 giving full details of age, qualifications, experience and salary drawn, with contact telephone and a passport-size (non-returnable) photograph.

GENERAL MANAGER EXPORTS

DELHI **OVER RS 2.5 LACS P.A.**

A large multi-product Group of Companies wishes to expand its export operations in its Government recognised "Trading House.

The General Manager would be required to organise for substantial expansion of exports to markets like Europe, Middle East & Africa, of existing Company products and new product lines.

The job envisages total integrated responsibility from long range planning to all market development activities which will include finalisation of supply sources for non-manufactured items, finalisation of prices & export terms etc. This export division would be a separate profit centre within the existing operations.

We are looking for a professional manager in the age group of 30-40 years with an excellent track record who would be able to build up an excellent team and develop long term stable exports.

Growth opportunities within the Company itself and in the "Group" are excellent.

Salary and perquisites are equivalent to the best in the country.

Please apply to:
Box No. AA/324/IU/4, **Business India,**
59, Regal Building, Connaught Circus,
New Delhi 110 001.

ISPL INDUSTRIES LIMITED

GENERAL MANAGER (WORKS)
RAJKOT

We are professionally managed multi-divisional engineering company; our product range includes Steel Plant equipment, Thermocouple Tips and Fastners.

For our High Tensile Fastners Division, we require a General Manager to take charge of our Works at Rajkot.

The incumbent will be overall in charge and his responsibilities will include Manufacturing (Cold Forging, Machine Shop, Heat Treatment etc), Tool Room, Planning, Quality Control, Stores, Purchase, Personnel, Administration and other related functions.

We are looking for a Manager having excellent track records in managing a factory with excellent skills in Planning, Technical and Man Management. He should have 10 to 12 years relevant experience. Age around 35-40 years. Qualification : Graduate in Engineering. The position carries an excellent compensation package including attractive salary, company house, car and other perks. Please apply in confidence with full details and two references within 15 days to :

The General Manager,
ISPL INDUSTRIES LTD.
210, Dwarakamai, 11th Road,
Khar (W), Bombay-400 052.

MARVEL/ISPL/15

Our client is a leading Industrial House of North with diversified interests in engineering, automobiles, textiles, etc. They need the following personnel for their large **TWO WHEELERS MANUFACTURING** Company located near Delhi. The plant is highly modernised and has been set up in **COLLABORATION WITH AN INTERNATIONALLY REPUTED ORGANISATION.**

DY GENERAL MANAGER R&D

NEAR DELHI **ATTRACTIVE SALARY + HOUSE + CAR + BENEFITS**

The incumbent shall be responsible for development of new products, indigenisation of imported components, product upgradation and value engineering with help of a well-knit team. Should be a graudate Mechanical/Automobile Engineer with a proven record in product development and atleast 10-12 years relevant experience, preferably in the automobile industry. Age group: 35-40.

REGIONAL MANAGERS

BOMBAY/CALCUTTA/MADRAS **ATTRACTIVE SALARY + PERKS**

Important aspects of the job include evolving and implementing effective sales promotion strategies, strengthening distribution network and enhancing the market share of the company's products. Candidates should preferably be post graduates in marketing with atleast 8-10 years relevant experience, preferably in consumer durable/automobile products. A proven record in developing new markets successfully and increasing sales in a highly competitive environment are essential requirements of the job. Age group: 30-35.

These are challenging opportunities to join a well established industrial group and the positions offer tremendous growth prospects. **THESE ARE KEY POSITIONS AND THE SALARY PACKAGE WILL NOT BE A CONSTRAINT FOR THE RIGHT CANDIDATES.**

Please apply in strict confidence **IMMEDIATELY** marking the envelope and the enclosures with the job title and code: 9036.

PERSONNEL SELECTION DIVISION
MANTEC CONSULTANTS P LTD
Post Bag No. 33, New Delhi 110019.
Tel: 6431872, 6415864, 6429295.

Undertaking world wide assignments in association with MSL INTERNATIONAL, U.K.

MARKETING MANAGER — COPIERS

Location: Bombay **Terms: Excellen**

Chowgule Industries Limited (Office Automation division) is a major activity centre for the 300 crore Chowgule group. This division is engaged in the marketing and servicing of internationally reputed systems including Copiers, EPABX and Electronic Cash Registers. The division has a national network that comprises of 14 branches and 36 service centres in all metros and prominent cities.

The Company has already an installation base of over 5000 copiers and has chalked out an ambitious growth plan in same. To meet this challenge the Company requires a MARKETING MANAGER (Copiers) at its H.O. Bombay.

Candidates should be Electronics/Science graduates preferably with Business Management qualifications in the age group of 30-35 years having minimum 4 years relevant experience in the marketing/sales functions in a national organisation dealing in Office Automation/ Consumer durable products.

The incumbent for this position shall be responsible for achieving the set sales targets, monitor and provide marketing inputs to branches, formulate sales and marketing strategies, handle publicity and promotion.

The salary and perquisite package are no constraint and will be among the best in the industry. Candidates fulfilling the above minimum requirements may apply immediately within 10 days superscribing on the envelope 'MMB' in strict confidence to:

The General Manager (Marketing)
CHOWGULE INDUSTRIES LIMITED
75-77, Maker Chamber VI,
7th floor, Nariman Point,
Bombay 400 021.

indchem

Monitoring
Ultrasound
Imaging
Disposables

Indchem Electronics is a highly diversified professional electronics group with branches spread across the country. Indchem's Medical Business Group, dedicated to health care through excellence in state-of-the-art technology, offers a wide range of products, including Patient Monitors, Defibrillators, Holter Monitors, Computerised Treadmill Systems, Pulse Oximeters, Incubators, X-ray Systems, Gamma Cameras and CT Scanners. Indchem is also venturing into Lasers and MRI. Indchem – ATL, a wing of the Medical Business Group offers an extensive range of Ultrasound Scanners.

We require talented, dynamic and experienced professionals to join our dedicated team and participate in the planned high growth.

BRANCH MANAGER

Location: Bombay

Candidates should be graduates in Electronics/post graduates in Physics with 5-8 years of experience in marketing Medical Electronic equipment, of which at least 2 years should have been as a team leader. Experience in selling Patient Monitoring Systems, Computerised Treadmill Systems and Ultrasound Scanners is desirable.

The compensation package will match industry standards. Please apply with full personal, professional and salary details within 10 days to:

General Manager –
Human Resources
Indchem Electronics Limited
Ratna Building
231, TTK Road
Madras – 600 018

LINTAS M MPG P55 229

TPL Invites

applications from

OUTSTANDING MARKETING PROFESSIONALS

for their phosphate-free detergent project to be set up in collaboration with Henkel, West Germany, a leading detergent manufacturer in Europe.

We are looking for candidates in the age group of 25-30 years, with Post Graduate qualification in Management/Business Administration from IIM Ahmedabad/Calcutta or from the Bajaj Institute of Management, with specialisation in Marketing and 2 years experience in marketing consumer products, preferably detergents.

The job involves systematic analysis of business environment to identify penetrative strategies to market and establish this unique product.

The Company offers excellent professional melieu, congenial atmosphere, high degree of job satisfaction and ample opportunities for innovative work.

We offer an attractive remuneration package commensurate with qualification & experience and level of fitment in the organisation.

Please apply within 15 days to:

The Manager (Human Resources)
TAMILNADU PETROPRODUCTS LIMITED
Manali Express Highway,
Manali. Madras 600 068.

WILDON INDIA LIMITED

(Manufacturers of Cultured Marble Building Products)

WILDON INDIA LIMITED, a recently set up Public Limited Company in technical collaboration with Wildon Industries Inc., a subsidiary of FORMICA CORPN., USA, world-leaders in the manufacture of Cultured Marble Building Material, has ambitious growth plans for expansion and diversification. To achieve our plans, we need the following personnel:

Regional Managers

Code: RM/1 Bombay/Delhi/Calcutta

Job functions include leading a team of sales personnel and responsibility for Market Planning & Development, promotional activities and meeting sales & collection targets.

Graduates with an MBA from reputed institutions with 8-10 years experience in marketing consumer products, preferably building material, may apply.

Age: below 35 years.

Area Managers

Code: AM/1 Various Locations

Job functions include implementation of marketing plans for respective regions and to create and generate additional demand for the Company's products

Graduates in Science or Engineering, preferably with an M.B.A. and experience of about 4-5 years in marketing building materials, may apply.

Age: below 30 years.

Please send in your applications with a detailed resume indicating post code, age, qualifications, experience, salary drawn and expected, location of posting desired etc., within seven days from the date of advertisement, to:

WILDON
W

The Director
WILDON INDIA LIMITED
6-3-652, 'Kautilya'
Amrutha Estates, Somajiguda
Hyderabad-500 482 (AP)

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FILTECH

REQUIRES

SALES & MARKETING MANAGER

We are the exclusive distributors of PALL – the World leaders in Filtration technology. Today, the demand for PALL Products is growing in India and hence the need for a Sales team with a dynamic leader. We enjoy leadership position in various market segments like Pharmaceutical, Electronics, Magnetic Tape, Paints, Photo Processing, Semi Conductor & other Process Industries.

THE PERSON

A Chemical/Mechanical Engineer with an MBA from a recognised institution. 10 years' experience in sales and marketing of hi-tech engineering products in process industries with atleast 3 years in a Managerial capacity. Age between 35-40.

JOB PROFILE

Will need to identify and develop new segments, plan sales strategies and motivate and guide a sales team to consistently meet and surpass targets. Extensive travel involved. Technical training will be provided at PALL's European head quarters in UK.

EMOLUMENTS

Compensation package designed to attract the best talent in the field.

Please send in your resume with passport sized photograph within 10 days to:

The Director,
FILTECH PHARMALAB PVT. LTD.,
Star Metal Compound, L.B.S. Marg, Vikhroli (W),
Bombay 400 083. Tel.: 582559, 585329, 585631.

PALL

world leaders in filtration technology

APEX 90307

VISESH TECHNOLOGY

VISESH TECHNOLOGY, one of India's fast growing software houses has launched yet another winner - Visesh MRP, already very popular in the industry. We are poised to launch MRP II, first of its kind in India with extensive features, comparable with International products.

To achieve ambitious future growth plan, VISESH is looking for Live-wire managers, in their mid 30's, in the following categories, all located at Bangalore.

COUNTRY MARKETING MANAGER

He should have adequate Sales/Marketing exposure in Computer or related environment, with flair for independently handling the Software business on all India basis, aided by a dedicated team of Sales & Customer Support personnel.

DEALERS DEVELOPMENT MANAGER

Other areas being the same as above, the candidate should have extensive exposure in Dealers Management.

MANAGER - HRD

The candidate should hold a recognised professional degree from any of the reputed Business schools in India with about 2 years relevant experience in his field in a Company of repute.

Salary will be no constraint for the right candidates.

Interested parties should send in their resume within 10 days to;

Chief Executive
Visesh Technology,
105 Blue Cross Chambers,
11 Infantry Road Bangalore 1.

JOINT DIRECTOR/ FACULTY POSITIONS AT MANAGEMENT INSTITUTE

Bharatiya Vidya Bhavan's **S.P. Jain Institute of Management & Research**, Munshi Nagar, Andheri (West), Bombay-400 058.

The Institute's conduct of the MMS Programme of the Bombay University has gained prestige and is now acknowledged as one of the premier ones in the country.

With a view to develop and strengthen the relevance and rigour of Management Education, ambitious and innovative programmes are underway at the Institute. These include upgradation of training and consulting activity, carrying out applied research and strengthening of the computer centre.

To help us implement the above plans, we wish to enlarge our faculty base in all areas. We are looking for persons possessing conceptual strength, administrative flair and ability and interest in working as a team member.

The candidate must possess a Doctoral or Master's Degree in management subjects with about 5 years teaching/training/consulting or other relevant experience.

We are evolving an attractive and flexible compensation scheme based on the appropriate UGC scales. Housing on the campus too can be provided amongst pleasant surroundings

Write in confidence to the Director at the above address. (Tel. 623 2401, 623 0396 & 623 7042)

MARVEL

LUPIN

LUPIN is a large and well diversified group, with a strong presence in the areas of ethical formulations, hi-tech bulk drugs and agrochemicals. Excellent quality and competitiveness are the hallmarks of Lupin.

Lupin's ongoing expansion programme has created the following new positions for dynamic, result-oriented Sales Personnel in its Agrochemicals/Seeds Division:

ZONAL MANAGERS — AGRI PRODUCTS

West & East **(Rs. 85,000/- p.a.)**

Candidate should be B.Sc (Ag)/M.Sc (Ag) with proven performance in sales of Agrochemicals/Seeds/Fertilizers in a reputed organization. He should have 8-12 years experience, of which atleast 3-5 years should be in a supervisory capacity.

SALES EXECUTIVES — AGRI PRODUCTS

Nagpur/Jalgaon/Delhi/Lucknow/Bangalore **(Rs. 50,000/- p.a.)**

Candidate should be graduate in Agriculture with 3-5 years experience in sales of Agrochemicals/Seeds. He should have a flair for communications and good liaison with various agro user groups. Knowledge of regional language is essential.

Please send in your applications within 15 days, superscribing the envelope with the position applied for to:

The Personnel Manager
Lupin Laboratories Limited
159 C S T Road, Kalina, Santacruz East, Bombay 400 098.

BPL

BPL GROUP is a pioneer in the Indian Electronics Industry. The Group's activities cover six product areas viz., Computers, Communication, Components, Instrumentation (Industrial, Medical & Measurement), Office Automation and Consumer Electronics.

To keep pace with its rapid growth, **BPL GROUP** requires at **Bangalore:**

PURCHASE MANAGERS
(PRM/90)

Applicants should be Engineering graduates, preferably in Electronics with a post graduate degree or diploma in Materials Management. They should have 8 to 10 years of varied experience in materials management/purchase activities, of which at least 3 years should have been in a senior position. They should be fully conversant with imports, customs, central excise policies and procedures. Experience in handling computerised inventory will be an added advantage.

The incumbent would be independently responsible for the entire purchase activities of the company in terms of materials procurement, vendor development and sourcing of components, both indigenous and foreign.

We are looking for dynamic, result oriented professionals with business and commercial acumen & a practical and realistic approach to problem solving. The position demands strong inter-personal skills to lead a team to achieve targets. We offer the best in terms of career growth opportunities and compensation. Salary shall not be a constraint for deserving candidates. Those will lesser experience but fulfilling the above conditions may also apply for Junior positions. Preferred Age: 30-38 years.

Please apply within 10 days with detailed bio-data and recent passport size photograph, superscribing the envelope with the appropriate job reference number, to:

British Physical Laboratories India Ltd.,
64, Church Street, Bangalore-560 001.

The ttk Group

PRODUCTION MANAGER – MADRAS

TTK PHARMA LIMITED – a fast growing pharmaceutical house manufacturing a wide range of drugs and health-care products to international standards invites applications for the above position.

Age: Around 35 years.

Qualifications: Minimum M. Pharm with at least 5 years managerial experience in production of formulations.

The Production Manager will lead a highly qualified team and will be responsible for all manufacturing activities (various injectables, liquid orals, tablets and capsules), production planning, inter-departmental co-ordination and achieving production targets in compliance with GMP requirements.

This is a senior managerial position and the compensation package will be very attractive and includes perquisites such as housing, car, etc.

Candidates fulfilling the above requirements may apply in confidence within 15 days to :

THE MANAGING DIRECTOR, TTK PHARMA LIMITED
8, Old Trunk Road, MADRAS 600 043

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WE ARE LOOKING FOR A DETERMINED LAWYER

To protect our intellectual property rights and interests in Lotus 1-2-3 and other Lotus software, in cooperation with an investigating company, in order to trace, sue and publicly announce the copiers and copy users of our software.

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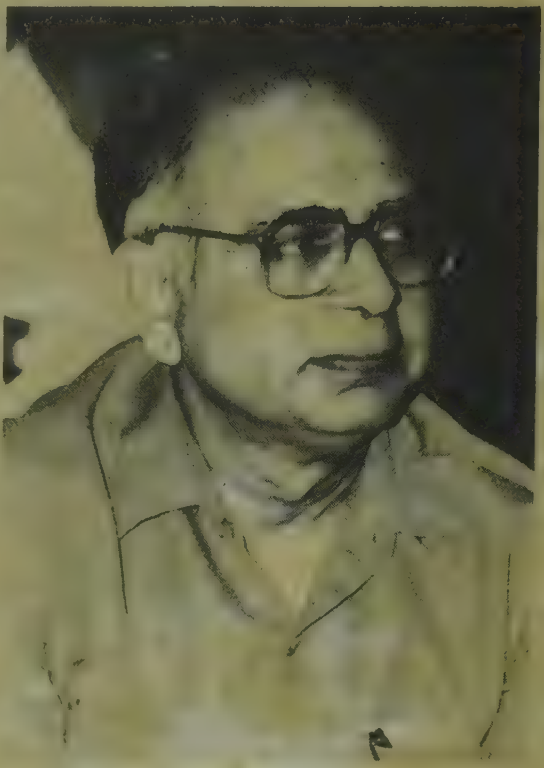
Country Manager, LOTUS
Hyatt Regency Hotel
New Delhi 110066.

Focus on the individual investor



S.A. Dave, *the new chairman of the Unit Trust of India candidly expresses his preference for the individual, rather than the corporate, investor. In an interview with Rafiq Dossani of* Business India *he talks of giving UTI, the largest player on the stockmarket, a change in direction*

Do you expect corporate profits to rise in 1990?
It is very hard to estimate as it is related to an inflation of around 9 to 10 per cent and the monsoon. Inflation is the key.

Will the weak money market help the stockmarket?
Well, this does not add to savings. What comes into the stockmarket is from funds saved elsewhere. This is a kind of substitution process.

Will not a weak money market help those who want to do forward trading?
You are right. If you borrow at 24 per cent and expect more than a 2.5 per cent rise per month in the scrip you are buying, then it's worth it.

When you sold ACC in June, was it your motive to book profits?
With UTI's long term holdings, we could book profits round the year. If I don't sell today and wait ten more days I can make more profit. But with our holding power we need not hurry. However, sometimes, when it is felt that this is not for the good of the market, then — as in the case of ACC — profit becomes secondary. This reflects our organisation's social obligation.

Were you disappointed when the sale of 1 per cent of ACC's shares had no impact on the market?
When such a sale has to be made, it is the responsibility of several agencies together. We cannot stabilise this kind of market alone. In such a case, the regulatory authorities ought to have done something during that week itself.

Which direction, in your opinion, is the new issues market taking?
They are not coming in as big a way as they should. The market is ripe for them. Most big companies that have plans, aim to raise almost half the money as convertible debentures.

The sale of units has not been as high as last year. Your comments.
Well, we changed our monthly pricing policy to a 15-day pricing besides paying lower brokerage (for corporate sales). We also raised prices above the normal this year.

Why did you raise the spread, from 4.5 per cent last year to 5.5 per cent?
We don't want to encourage re-purchase and sales.

Is that why you reduced corporate brokerage?
In government securities, the brokerage is 0.10 per cent. The buyers are not small and orders are large. Earlier also, we offered only 0.10 per cent.

Do you see a sharp fall in corporate purchases which were, say about, 50 per cent of Unit Scheme 1964 purchased last year. What do you expect it to fall to this year?
I would like to see a correction brought about that will bring individual investors sharply into focus. This should take place over the next two years. That's why we have announced other new growth schemes simultaneously.

Why have you, so far, tapped only urban investors and not the smalle rural ones?
Under the existing schemes, which a corporate dominated, one gets the id that investors are largely urban. Onc you remove corporate investment fro Unit Scheme 1964, you get a differen picture. The average investment in U Scheme 1964, including corporate investment, is only Rs.10,000. If you remove corporate investment, it is m smaller.

You have talked about transparenc operations of financial institutions What about the greater transparenc in the working of your company. W don't know the net asset value of U Scheme 1964.
I have no objection to that. But I will have problems disclosing our list of investments. Abroad, where 3,000 to 4,000 mutual funds operate at a time, none of their holdings in any company more than 1 per cent. But here, disclosure of holdings may lead to a ri in speculation. That's why we suggest that these holdings be disclosed only SEBI — an agency which ought to consistently act as the guardian of investor interest.

How do you see the coming year for the stockmarket?
Personally, I am optimistic. Given the way mutual funds are mobilised, they will raise the demand for scrips. If all other factors are forgotten, there will b a continuing imbalance between demand and supply.

But the basics are also good, if you consider GNP growing at 5 per cent ov the last ten years, good monsoons in th last three years, and good corporate performances over the same period of time. There is also good publicity abou the returns on investment in the mark So, if the fundamentals survive, this wi push prices up. Over the next five year I expect we can raise about Rs.15,000 crore from the market, unless things g wrong.

Do you think that the private secter should be allowed to float mutual funds?
What will you do in the case of takeover then? Unless a set of takeover guideline is drawn up, it creates a climate for more takeovers. Otherwise, I have no objection to private sector mutual fund

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Wills Filter set the filter trend in cigarettes long years ago. Today it's still the finest. In taste, in satisfaction. Hand-picked virginia tobaccos married to an efficient filter make it so. Millions of smokers have discovered it, then stayed with it.

WILLS
FILTER

Filter and tobacco perfectly matched

HTA 3987

The times of transition

The call for individual satyagraha brought thunder to the freedom movement. The British were besieged by World War II on one side and the call to "Quit India" on the other.

In 1938, Kamalnayan Bajaj had returned to India on vacation from his college in England. Seeing his father Jamnalal needed help in his public work and that the family business had been neglected for the freedom movement, he decided to stay on in India and complete his studies later. This was not to be.

The rapid political developments in the country consumed his time and energies. Then came the stunning blow. Jamnalal Bajaj passed away suddenly in February 1942.

Barely 27, Kamalnayan Bajaj had to assume crucial responsibilities, on the political front, in his father's business and in heading the family.

But he was a child of the freedom struggle. Born in 1915, the year that the association of Mahatma Gandhi began with the Bajaj family, he was brought up under the care of three giants of his time; Mahatma Gandhi, Vinoba Bhave and his father, Jamnalal.

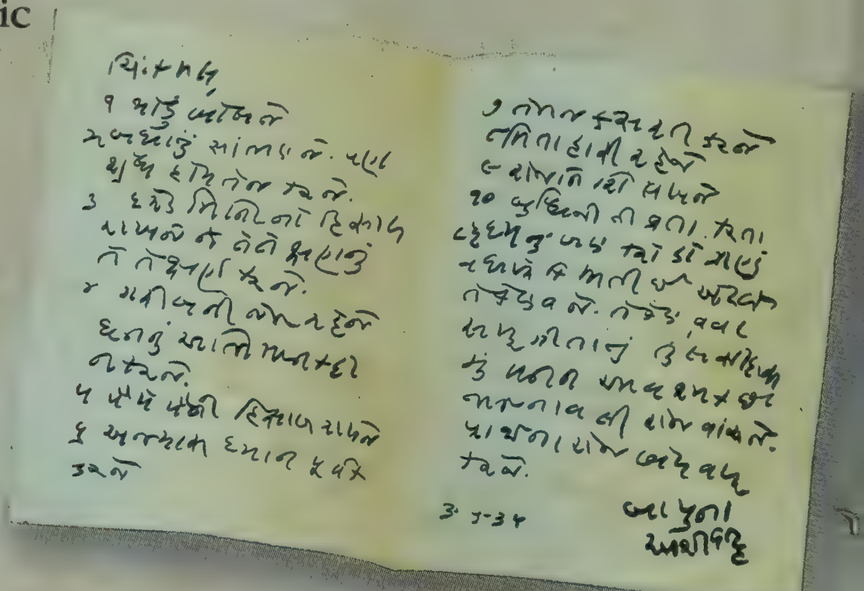
This helped him imbibe the unusual values, spiritual discipline and work ethic he was to display in later life.

From his childhood he had lived in a family which was at the epicentre of the freedom struggle. Kamalnayan's initiation to politics had come when he was just fifteen. He was one of the youngest volunteers for the historic Dandi March in 1930. Two years later he was imprisoned, and also had to endure solitary confinement.

Living in close contact with all the leaders of that momentous era, Kamalnayan had been well prepared for the difficult years ahead.

He was to play a significant role in public life as a leader of the All-India States People's Conference, a Congressman, Member of Parliament and as a social and business leader.

Kamalnayan would also soon lead a drive for diversification in the Bajaj Group. New industries important to India's development would be entered. The Bajaj Group would attain an international reputation for integrity, foresight and a commitment to the family belief that their wealth and shareholders' funds was money held in trust, to be used for creating national wealth and promoting the common good.



bajaj auto